

# ΔΙΡΕΑ plc



ANNUAL REPORT  
& ACCOUNTS 2023

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## Professional Advisers

### Auditor

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Black Country House,  
Rounds Green Road,  
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### Solicitors

Squire Patton Boggs  
6 Wellington Place,  
Leeds, LS1 4AP

### Bankers

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HSBC House,  
1 Bond Court,  
Leeds, LS1 2JZ

### Registrars

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Northern House,  
Woodsome Park,  
Huddersfield, HD8 0LA

### Nominated advisers and stockbrokers

Singer Capital Markets  
1 Bartholomew Lane,  
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## Registered Office

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Registered in England no. 00526657

[www.aireapl.co.uk](http://www.aireapl.co.uk)

# About Us

**AIREA plc is a UK design-led specialist flooring Company listed on the AIM market of the London Stock Exchange, supplying both UK and international markets. Since 2007, the Group has been focused solely on floor coverings and enjoys a strong and growing brand position within the commercial flooring market.**

## OUR BRANDS

AIREA's core brand Burmatex® is one of the UK's leading designers and manufacturers of commercial carpet tiles and planks.

Burmatex® focuses on the design and creation of sustainable innovative flooring solutions to meet the needs of architects, specifiers and contractors with a continuously developing range to suit the education, leisure, commercial, hospitality and public sectors.

The brand was acquired by AIREA in 1984.

## OUR GROWTH

We have an established brand in a stable marketplace with high barriers to entry, and our in-house manufacture, low-cost base and service proposition provide opportunities for growth.

## OUR VALUES



**Principles:** The Group is committed to success with integrity by building and strengthening its reputation through earning our stakeholders' trust. We commit to the principles of being honest, transparent and accountable for the impact that it has.



**Agility:** The Group strives for continuous improvement, prioritising what matters and making considered decisions in an efficient and timely manner. There is a constant pursuit of innovation and an innate emphasis to connect new ideas with business realities.



**Collaboration:** The Group wishes colleagues and stakeholders to understand our origins, current position, and future focus and will work together with purpose and pace to achieve the key objectives. Through empowerment, mentorship and encouragement, these goals will be a tangible reality.



**Excellence:** The Group is passionate about its people, its products and continually improving the quality and service delivered to its customers. The ambition is to continuously develop ourselves and help each other to do the same. The Group seeks to maximise the potential of our people through their talent, passion and hard work.

## Financial Summary

Group revenue

**£21.1m**

(2022: £18.5m)



Profit before tax

**£1.4m**

(2022: £1.4m)



Net cash

**£3.4m**

(2022: £2.8m)



Operating profit before valuation gain

**£1.8m**

(2022: £1.7m)



Dividend

**0.55p**

(2022: 0.50p)



## Strategic Report – Chairman’s Statement

### Overview

AIREA is pleased to report another year of progress, both financially and operationally. The strong sales growth reported in the first half of the year continued throughout the second half, with further wins achieved in the UK and key export markets.

During the first half of the year, the challenging economic conditions continued to put a strain on the cost of labour, energy, and raw materials. We took action to manage these risks, including the installation and commissioning of solar panels to reduce our exposure to energy price volatility.

There continues to be an ever-increasing interest in our low-carbon products. We successfully launched two carbon-neutral products which were well-received in the market and continue to work closely with our customers to ensure we meet their needs.

### Results

The Group delivered record sales of £21.1m, an increase of 14.1% on the prior year, with sales now exceeding 2019 pre-pandemic levels by 10%. Operating profit before valuation gain increased to £1.8m (2022: £1.7m).

Looking to the future, the Group has developed a plan of investment in certain areas that will form a platform on which to build a more sustainable growth-focused business. In this regard, we were delighted to announce in January 2024 that we would be investing £5.0m in our manufacturing facility. This investment will substantially increase capacity and improve operational efficiencies whilst at the same time improving the Group’s sustainability credentials.

### Dividends

The Group maintained its net cash position in the period and will continue to prioritise investment in the business. We also believe in rewarding our loyal shareholder base and therefore propose a final dividend of £0.2m or 0.55p per share for the year (2022: £0.2m or 0.50p per share), which is the total dividend for the year as no interim dividend was paid. The final dividend will be paid on 20 May 2024 to shareholders on the register on 19 April 2024. This proposal is subject to shareholder approval at the Group’s Annual General Meeting to be held on 8 May 2024.

### Environmental, Social and Governance (ESG)

Sustainability is at the heart of how we manage our business. We are committed to helping deliver a more sustainable future because we believe that what we do matters. Our sustainability principles, **eco<sub>2</sub>matters**<sup>®</sup>, introduced in 2022, are now fully embedded across the Group. The development of our more sustainable products indicates the transformational change the Group is focused on to enable it to be more innovative, competitive, and agile. The installation of solar panels on the roof of our manufacturing facility was completed during the year and will help to mitigate against energy price volatility, whilst contributing to our sustainability goals.

### Our Board

The Board appointed Tanya Ashton as an Independent Non-Executive Director and member of the Board of Directors on 10 May 2023. Tanya is an experienced board Director with extensive expertise in increasing sustainability in consumer products.

Conleth Campbell was appointed as Chief Financial Officer, Company Secretary, and a member of the Board of Directors on 2 October

2023. Conleth is an experienced finance professional with over 25 years of experience in public Company environments.

With these recent appointments, the Board has the experience to provide effective oversight and guidance as AIREA enters its next phase of growth.

### Our People

We recognise the role our people play in helping the Group achieve its success and would like to sincerely thank them for their valuable contribution. In the year, we appointed a Head of Human Resources to assist us in embedding our values throughout the Group and ensure we invest in the training and development of our people.

In 2022, the long-term share incentive scheme was relaunched to a wider employee pool as the Board recognised the need to retain and reward members of staff for long-term performance. The scheme incentivises employees through nil cost share awards. Awards will vest with beneficiaries over a three-year period ending 31 December 2025 after the achievement of both Group and individual performance conditions.

### Outlook

We are now working much closer with our existing customers, whilst expanding our reach both in the UK and in our key target overseas markets.

We have increased our resources and focus on our design and marketing functions to support the development and launch of new products. Demand for our new sustainable products and the ongoing refresh of existing products, supported by a forward-looking product pipeline, is providing optimism for future profitable growth.

### Summary

The Group made further progress in the year, with increased sales volumes and operating profits as demand for our low-carbon and carbon-neutral products increased.

The Board is confident that our fully embedded **eco<sub>2</sub>matters**<sup>®</sup> sustainability principles and continued investment in the business will deliver further growth in 2024.



**MARTIN TOOGOOD**

INDEPENDENT NON-EXECUTIVE CHAIRMAN  
25 March 2024



“The Group delivered record sales of £21.1m, an increase of 14.1% on the prior year, with sales now exceeding 2019 pre-pandemic levels by 10%.”

# Strategic Report – Chief Executive Officer’s Statement

## Introduction

2023 was another year of progress for AIREA, with a continued focus on sales growth in existing and new territories. The year also saw the successful launch of carbon-neutral products in line with market trends and increasing demand for low-carbon products.

An increase in sales volume, higher demand for our more sustainable products, and a widening customer base were the driving factors in the double-digit increase in turnover. The Group’s £5.0m investment in its manufacturing facility in Ossett, West Yorkshire will significantly increase capacity and further improve operational efficiency. The investment is expected to be completed in early 2025.

In May 2023, the Company exhibited at the renowned Clerkenwell Design Week. This provided a platform to showcase its exciting new ranges, promote the Burmatex® brand to the market and engage with our target customer audience in this setting for the first time in over ten years.

Export sales were 43% ahead of the prior year as demand recovered in most of our target export markets, with good progress being made in new markets. The UK market remained challenging given the economic backdrop, however, performance is encouraging as we achieved sales growth, with our mix moving towards the more design-led products at higher margins.

## Products and Planet

The Group is focused on sustainability, design and quality being essential to new product development and running through everything we do. Driven by our **eco<sub>2</sub>matters**®

principles, AIREA developed a carbon-neutral product range offering for customers. In 2023, both arctic® and osaka® were launched within this carbon-neutral range, along with infinity and go-to® in the low-carbon range.

AIREA is fully committed to making sustainability at the forefront of our principles. The carbon-neutral products have had a positive environmental impact, with our products being 100% certified renewable. The Company operates a zero-landfill policy, along with a recovery take-back service. This drives the Group’s actions to maintain a sustainable responsibility as we continue the journey to net zero.

## People

In 2023, the Group firmly embedded its values across the organisation as part of its focus on putting its people at the heart of its business and continuing to empower, encourage and inspire them to develop products that meet the needs of its customers whilst contributing to protecting our planet. I would like to take this opportunity to thank our people for their continued contribution to the success of the Group.

During the year, we invested further in people across several departments. The Group now has the expertise in place to deliver our current and anticipated growth targets.

## Summary and Outlook

AIREA’s strong performance in 2023 was testimony to its strategy which will form the basis for further progress in 2024.

The Group’s £5.0m investment in its manufacturing facility will substantially

increase capacity and include the automation of certain processes using the latest cutting-edge Artificial Intelligence imagery and inspection technology. This investment will provide greater stability to the Group and help to deliver a period of sustained profitable growth.



**MÉDÉRIC PAYNE**  
CHIEF EXECUTIVE OFFICER  
25 March 2024



“2023 was another year of progress for AIREA with a continued focus on sales growth in existing and new territories. The year also saw the successful launch of carbon-neutral products in line with market trends and increasing demand for low-carbon products.”

## Strategic Report – Chief Financial Officer’s Review

### Group Results

Revenue increased 14.1% to a record level of £21.1m (2022: £18.5m). This increase was driven by higher sales volumes and an increase in demand for our carbon-neutral and low-carbon product ranges. UK home sales maintained their good momentum and ended the year above the prior year. Following the impact of the Ukraine conflict in 2022, and despite the political unrest in the Middle East, overseas sales were strong with key wins in several markets.

Operating profit before property valuation gain increased to £1.8m (2022: £1.7m).

There was an unrealised valuation gain of £0.1m on the investment property in the year (2022: £nil gain/loss), with the Group recording an operating profit after the valuation gain of £1.9m (2022: £1.7m).

The transformational change in the Group continued in 2023 with further investment in resources to deliver more profitable future growth. This has had a short-term impact on operating margin which declined to 8.5% (2022: 8.9%).

Finance costs of £0.5m (2022: £0.2m) increased on the prior year due mainly to higher costs relating to the pension scheme.

Taxation increased to £0.6m (2022: £0.1m) due to the change in tax rate to 25% and brought forward losses fully utilised in the prior year.

Profit attributable to shareholders of the Group for the year was £0.8m (2022: £1.3m). Earnings per share were 2.0p (2022: 3.4p).

Operating cash flows before movements in working capital and other payables were £2.6m (2022: £1.8m). Working capital increased by £0.2m (2022: £0.1m increase) following an increase in trade and other receivables, partially offset by a decrease in inventories coupled with an increase in trade and other payables. Capital expenditure of £1.2m (2022: £0.4m) included the purchase and installation of solar panels and the Group’s ongoing investment in maintaining its manufacturing facility.

The Group had £5.8m of cash on hand as of 31 December 2023 (2022: £5.8m). In 2021, the Group borrowed £2.75m under the government Coronavirus Business Interruption Loan Scheme, as of 31 December 2023, the amount outstanding was £1.4m (2022: £1.9m). The Group has access to further liquidity of £1.0m via our unutilised banking facility (2022: £1.0m).

The deficit on the defined benefit pension scheme increased from £1.3m to £5.0m. The Group’s contributions to the scheme were £nil (2022: £nil). There continues to be volatility in global equity markets with the scheme’s investment strategy constantly under review to mitigate its long-term risk profile as much as possible. The Company will engage with the scheme’s trustees to agree on a reasonable and affordable recovery plan. A further update will be provided at the announcement of the interim results.

### Key Performance Indicators

As part of its internal financial control procedures, the Board monitors the key financial metrics of revenue, operating profit,

gross margin, working capital (debtor and creditor days), inventory turns and cash.

These KPIs are reviewed in comparison to the previous year and the budget and analysis undertaken to establish trends and variances. For the year ended 31 December 2023, operating profit return on sales was 8.5% (2022: 8.9%), return on net operating assets was 8.5% (2022: 8.3%) and working capital to sales percentage was 24.2% (2022: 26.7%).

### Section 172

The following disclosure describes how the Directors have had regard to the matters set out in section 172(1)(a) to (f) and forms the Directors’ statement required under section 414CZA of The Companies Act 2006.

### Stakeholder Engagement

#### Investors

The major interests in our shares are set out on page 10 of our Directors’ report. Key metrics for our shareholders are the share price, earnings per share and the total dividends paid. Through the publication of our half year and full year financial reports and engagement with shareholders, we look to provide insight, where possible, into the Group strategy. We aim to deliver strong returns to shareholders through a balance of earnings growth and dividend growth.

Investor engagement includes the AGM, one on one investor meetings with the Board of Directors, site visits and ad-hoc meetings. Topics include strategy, governance, performance and sustainability commitments. Specific matters that were discussed during the year included sales and profit performance, cost management and investment opportunities.

#### Suppliers

We have a select Group of international suppliers and, at a local level, we partner with smaller businesses. These suppliers are key to the availability and quality of our products and they assist us in ensuring we achieve the highest standards. Our procurement team regularly engages with our suppliers to discuss supply performance, price and how we can improve our supply chain. Key topics of engagement for the year were availability, sustainability, price and logistics.

#### Employees

Employees are those individuals who are contracted to work for the Company both full



“The transformational change in the Group continued in 2023 with further investment in resources to deliver more profitable future growth.”

and part-time. The Group's success is reliant on the commitment of all employees to the Group's values and strategy. The Group aims to continuously improve the quality and safety of the working environment for all employees and promote health and wellbeing initiatives. Regular training is also provided for the development of employees.

### Principal Decisions

We define principal decisions as both those that are material to the Group, but also those that are significant to any of our key stakeholder groups. For detail as to how we established and defined our key stakeholder Groups see page 4. In making the following principal decisions the Board considered the outcome from its stakeholder engagement as well as the need to maintain a reputation for high standards of business conduct and the need to act fairly between the members of the Company.

#### Principal Decision 1

##### ***Cash and liquidity preservation***

Focus on maintaining cash reserves and finance facilities to provide stability through uncertainty and provide the ability to finance capital requirements needed to invest in the future.

The Board recognised the need to maximise cash reserves and ensure adequate finance facilities were available during the year due to the levels of uncertainty brought about initially by the pandemic and more recently the conflict in Ukraine and unrest in the Middle East. The Board viewed this as the most sensible course of action to ensure the continued long-term stability of the Group and to position it to take advantage of growth and investment opportunities as and when market conditions improved.

Having taken advantage of the available UK government-backed support and additional support provided by its banking partner during 2020, the Group continued to utilise this funding through 2023 with the repayment of the loans maintained during the year.

#### Principal Decision 2

##### ***Managing inventory levels to safeguard against supply chain and production risks***

Disruption to global supply chains eased somewhat during 2023 following the pandemic and the Ukraine conflict. However, the unrest in the Middle East introduced additional supply chain concerns.

The Board agreed that it was essential to have sufficient raw materials available to continue production and agreed to maintain higher than normal levels of raw materials and work closely with key suppliers to continue to secure supply. The Board also agreed it would continue to maintain the excellent service to customers and that the inventory level of finished goods should be sufficient to protect against the risk of production disruption.

#### Principal Decision 3

##### ***Rising raw material, labour and energy prices***

The increases in cost pressure continued into 2023 as the geopolitical and macroeconomic issues having a significant impact on energy costs. With such ongoing cost pressures the Board agreed that certain measures taken in the prior year should be maintained, including energy monitoring and the installation and commissioning of solar panels at our site in Ossett. The Board also approved a capital project to improve heat retention in all building across the manufacturing site.

The Streamlined Energy & Carbon Reporting (SECR) requirements came into effect for large companies and Groups from 1st April 2020. The Group does not have any large companies that meet the required thresholds and as such no further disclosure is required in line with the SECR requirements.

#### Other Risks

The global nature of the Group's business means it is exposed to volatility in currency exchange rates in respect of foreign currency denominated transactions, the most significant being the euro. In order to protect itself against currency fluctuations the Group has taken advantage of the opportunity to naturally hedge euro revenue with euro payments utilising foreign currency bank accounts. No transactions of a speculative nature are undertaken. Other risks include the availability of necessary materials, business interruption and the duty of care to our employees, customers and the wider public. These risks are managed through the combination of quality assurance and health and safety procedures and insurance cover.

The strategic report has been approved by the Board of Directors and signed on behalf of them by:



**CONLETH CAMPBELL**  
CHIEF FINANCIAL OFFICER  
AND COMPANY SECRETARY  
25 March 2024

## Case Study – Bond Bryan Architects

**When architects Bond Bryan relocated to a more carbon-conscious office space in Sheffield city centre, refurbishment of the existing building had to be as sustainable as possible.**

As part of their continued commitment to the RIBA 2030 Climate Challenge and Architects Declare, Bond Bryan are focused on becoming a truly Net Zero practice for both their own and their clients' buildings.



**Principles for the fit-out of the Sheffield office included:**

- emphasis on staff health, well-being and happiness developed in accordance with the WELL Building Standard
- re-purposing of existing furniture, fittings and finishes as part of a zero-demolition waste strategy
- specification of low VOC and low formaldehyde products, and avoiding glue fixings to ensure a high level of indoor air quality
- prioritisation of materials selected for their low embodied carbon content.

With the above principles in mind, Bond Bryan selected Burmatex®'s new arctic® carpet tiles in Norse Grey for the 5,000 square foot area. Made from Universal Fibers® Thrive® matter yarn, the world's first carbon negative recycled yarn, and Burmatex®'s BioBase® recycled backing, arctic® is carbon neutral.

The carpet tiles will be contamination-free on uplift and can be easily reused or recycled via the Burmatex® Recovery Take Back Service. This is a great example of a sustainable floor covering to create a futureproofed flooring solution.



Burmatex®'s new arctic® carpet tiles, made from Universal Fibers® Thrive® matter yarn, the world's first carbon negative recycled yarn, and Burmatex®'s BioBase® recycled backing, arctic® is carbon neutral.



## Board of Directors

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**MARTIN TOOGOOD**  
INDEPENDENT NON-EXECUTIVE CHAIRMAN

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Martin Toogood joined the Group as an Independent Non-Executive Director on 1 April 2009, and was appointed Independent Non-Executive Chairman on 6 November in the same year. Martin has considerable experience at Executive and Non-Executive level, most recently with ILVA in Scandinavia and the UK, B&Q in the UK, Carpetright in the UK and Europe and Habitat in the UK and internationally.



**MÉDÉRIC PAYNE**  
CHIEF EXECUTIVE OFFICER

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Médéric Payne joined the Group on the 25th August 2022 as Chief Executive Officer from Al-Futtaim Group based in the Middle East. He has held a number of key international Executive roles, notably within Landmark Group as CEO for Homecentre and at Kingfisher plc as CEO for Castorama RU. In his recent role as Managing Director, his main focus has been the growth, turnaround and digital transformation of a number of well-known brands within his retail portfolio in MENA. Médéric has considerable experience in supply chain, sales and innovation in both mature and developing markets.



**CONLETH CAMPBELL**  
CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Conleth Campbell joined the Group on the 2nd October 2023 as Chief Financial Officer & Company Secretary, with more than 25 years of experience in public Company environments. He has developed and led finance teams, with strong expertise in Capital Markets including M&A and Investor Relations. He was previously Group Financial Controller of Genuit Group Plc. He has also held the position of Head of Capital Markets (Investor Relations and Treasury) for Croda International Plc. He is a Chartered Accountant (ICAEW) and began his career at Mazars.



**TANYA ASHTON**  
INDEPENDENT NON-EXECUTIVE DIRECTOR

Tanya Ashton joined the Group on the 10th May 2023 as an independent Non-Executive Director, with over 20 years' experience in strategic marketing and brand development roles. Tanya currently acts as Head of Sustainability at Walgreens Boots Alliance Global Sourcing, Europe. She also holds a Non-Executive Director position and acts as a sustainability subject matter expert at AIM listed M.P. Evans Group plc.

# Directors' Report

## The Directors present their report for the year ended 31st December 2023.

### Dividends

The Directors recommend a final dividend of £0.2m or 0.55p per share, also representing the total dividend for the year as no interim dividend was paid (2022: £0.2m or 0.50p per share). The final dividend will be paid on 20th May 2024 to shareholders on the register on 19th April 2024. This proposal is subject to shareholder approval at the Group's Annual General Meeting to be held on 8th May 2024. This continues the Group's policy of progressive dividends and sharing the success of the business with shareholders whilst maintaining adequate cash to take advantage of opportunities and deal with future uncertainties the business may face.

### Directors

The Directors for the year are detailed below.

**Martin Toogood**  
**Médéric Payne**  
**Conleth Campbell**  
**Tanya Ashton**

A third party indemnity insurance policy is in place for the benefit of the Directors.

Directors who held office on 31st December 2023 had the following interests in the Ordinary Shares of the Company:

	2023	2022
<b>Martin Toogood</b>	2,100,361	2,100,361
<b>Mederic Payne</b>	78,000	-

There were no other changes in Directors' interests between 1st January 2024 and 25th March 2024. None of the Directors have an interest in the share capital of subsidiary companies other than as a nominee of the Company.

Details of dividends paid to Directors in respect of their shareholdings dealings are set out in note 26.

Details of share awards granted to Directors as part of the 2022 LTIP are set out in note 22.

Risks considered by Directors are discussed and disclosed within the strategic report on page 2.

### Share Capital

Details of the share capital of the Company are set out in note 21 to the financial statements of the Group.

### Substantial Shareholdings

At 31st December 2023, in addition to the interests of Martin Toogood amounting to 5.08% noted above, the Company had been notified of the following interests representing 3.00% or more of the Company's Ordinary Share capital:

	Number held	%
<b>Mr. &amp; Mrs. D. Newlands</b>	4,665,000	11.28
<b>Lowland Investment Trust</b>	4,125,000	9.97
<b>Mrs. C. J. Tobin</b>	4,104,687	9.93
<b>AIREA Employee Benefit Trust</b>	2,777,600	6.72
<b>Mr. M. H. Yeadon</b>	1,970,086	4.76
<b>Mr. &amp; Mrs. G. A. Upsdell</b>	1,878,618	4.54
<b>Mr. &amp; Mrs. R Morris</b>	1,245,000	3.01

### Corporate Governance

#### Chairman's Statement

The Directors of AIREA plc are committed to developing and applying high standards of corporate governance appropriate to the Group's size and stage of development, and therefore, have elected to adopt the QCA Corporate Governance Code which was published on 25th April 2018. A full version of which is available at the QCA website [www.theqca.com](http://www.theqca.com).

The QCA Code is constructed around ten broad principles which focus on the pursuit of medium to long-term value for shareholders without stifling the entrepreneurial spirit in which the Company was created. Full details of the ten principles and the Company's application of the principles including areas where the Company differ from the expectations of the code can be viewed on the AIREA plc website [www.AIREAplc.com](http://www.AIREAplc.com).

#### Values and Behaviours

The Board recognises the value of the Code and good governance and as far as is practicable and appropriate for a public Company of the size and nature of AIREA plc, adheres to it. In this regard, the Board remains focused on the need for a system of corporate governance which delivers compliance with regulation whilst enhancing the performance of the Group. This includes recognising the need to manage and mitigate

the risks faced by the business across all of its activities as noted in the strategic report.

The Board demonstrates and promotes the values of the Group being principles, agility, collaboration and excellence. These values are shared with the employees and have been communicated both formally and informally due to the regular contact between the Directors, management and employees on a day-to-day basis. Meetings take place within departments to discuss both team and personal performance and progress against the values and objectives.

The Group sets clear policy and objectives on its expectations on wider stakeholder and social responsibilities from the Board, to the top of the management team and throughout the organisation. We are proud of our culture, where all staff feel responsible for making a difference in delivering high standards within the organisation and to our customers, stakeholders and local communities. We recognise the need for continual development and improvement in all our standards and measure performance year-on-year.

### The Board and its Committees

The Group is led by a Board comprising of two Non-Executive Directors, including the Chairman and two Executive Directors. Amongst other things it is the Chairman's responsibility to deliver the Group's corporate governance model and to display a clear vision on strategy and values. The time commitment from the Chairman, Non-Executive Director and Executive Directors is noted in the Directors' report.

The appointed Company Secretary is one of the Executive Directors who possesses the relevant skills and experience to perform the function whilst providing the lead in both legal and regulatory compliance and ensuring strong corporate governance.

The Board composition is regularly reviewed to ensure it is an appropriate size for the Group and has the effective and appropriate balance of skills and experience to ensure the business operates efficiently and is able to react quickly to any issues that may arise. Day to day operating decisions are made by the Executive Directors, supported by the senior leadership team.

Each Board member keeps their skills up-to-date through a combination of courses, continuing professional development through professional bodies, reading and on the job experience.

Following the appointment of a second Non-Executive Director in 2023, the Board now complies with the requirements for a minimum of two independent Non-Executive Directors under the QCA Corporate Governance Code, being the corporate governance code that the Company has chosen to apply. The Board continues to review its structure periodically as the needs of the business change.

#### Group Board Meetings

During the year the PLC Board was chaired by the Chairman accompanied by the second Non-Executive Director and two Executive Directors. The Board does not have a schedule of matters specifically reserved to it for decision-making but its responsibilities include matters such as:

- Strategy;
- Financial issues and trading;
- Risk identification and assessment;
- Health and safety;
- Corporate Governance;
- Approving statutory accounts and announcements.

The Board met six times during the year with full attendance by all the members. The Board's performance is assessed in terms of the Group's objectives which are to develop products that sell and exploit the strength in our operating model to deliver robust cashflows and shareholder returns. No formal assessment of the Board's performance was undertaken during the year, but the performance is discussed informally in terms of the Group's performance.

#### Audit Committee

The audit committee is chaired by Martin Toogood and there are no other members. This committee met twice during the financial year and was attended by all the Directors of the Company at the invitation of the Chairman. It provides a forum through which external auditors report to the Board, and assists the Board in ensuring that appropriate policies, internal controls and compliance procedures are in place. There is no report available to be shared in these accounts.

#### Remuneration Committee

The remuneration committee is chaired by Martin Toogood and there are no other members. This committee met once during the financial year and was attended by all the Directors of the Company at the invitation of the Chairman. It provides

a forum through which Directors' remuneration and employee incentives can be formally reviewed and approved as appropriate. There is no report available to be shared in these accounts.

#### Internal Control

The Directors acknowledge their responsibility for the Group's systems of internal control. The Group maintains systems of internal controls, including suitable monitoring procedures, to provide reasonable, but not absolute, assurance of the maintenance of proper accounting records and the consequent reliability of the financial information used within the business to identify and deal with any problems on a timely basis. The monitoring and control procedures include the specification of defined lines of responsibility and authorisation limits, the delegation of authority, the identification of risks and the continual process of the preparation of, and reporting against, annual budgets, forecasts and strategic plans.

#### Employees in the United Kingdom

The policy of the Group for the employment of disabled persons is to give them equal opportunities with other employees to train for and attain any position having regard to the maintenance of a safe working environment and with regard to their particular aptitudes and abilities. The Group also tries, where practical, to provide support and retraining in cases where disability is incurred during employment with the Group.

The Group continues its practice of keeping all employees informed on the performance of the Group and other matters affecting them through regular meetings as well as through informal briefings.

The Board is committed to the achievement of high standards of health and safety.

#### Investor Relations

The Group holds an AGM to which all members are invited. The AGM is the main forum for dialogue between the shareholders and the Board. The Notice of Meeting is sent to shareholders at least 21 days before the meeting. The Chairman of the Board and the other Directors attend the AGM.

The Board is always welcoming to investors and shareholders and believes in maintaining good communication with all stakeholders including institutional and

private shareholders. This includes making the Executive Directors available to meet with institutional shareholders and analysts following the announcement of interim and final results. The Board receives feedback from these meetings and uses this to refine its approach to investor relations.

#### Charitable and Political Contributions

There were no charitable donations made during the year (2022: £1,000). There were no political contributions made during the year (2022: £nil).

#### Going Concern

As part of its ongoing responsibilities the Board regularly reviews the cash flow projections of the business for the current and following financial year along with the key sensitivities and uncertainties that might affect the achievement of the projections. In summary, the Group continues to be subject to the uncertainties in the current economic environment particularly in respect of market demand, however, the Group's financial headroom (reviewed whilst stress testing the forecasts for worst case scenarios and the impact this would have on the Group's ability to operate) means that it is well placed to manage its business risks successfully. The Directors can reasonably expect that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis remains appropriate in preparing the annual report and accounts.

#### Future Developments

Details of future developments in the business are included in the strategic report.

#### Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with UK adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law (Section 393, Companies Act 2006) the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of

## Directors' Report (continued)

affairs of the Group and the Company and of the profit or loss of the Group for that year. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on A.I.M.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK Adopted International Accounting Standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors.

The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

### Auditor

Crowe U.K. LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the annual general meeting.



**CONLETH CAMPBELL**  
CHIEF FINANCIAL OFFICER  
AND COMPANY SECRETARY

Victoria Mills,  
The Green  
Ossett, WF5 0AN

25 March 2024

# Independent Auditor's Report to the Members of AIREA plc

## Opinion

We have audited the financial statements of Airea plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2023, which comprise:

- the Group income statement and Group statement of comprehensive income for the year ended 31 December 2023;
- the Group and Parent Company balance sheet as at 31 December 2023;
- the Group statement of cash flows for the year then ended;
- the Group and Parent Company statements of changes in equity for the year then ended; and
- the notes to the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and United Kingdom Accounting Standards, including, Financial Reporting Standard 101 reduced disclosure framework (United Kingdom generally accepted accounting practice)

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with United Kingdom generally accepted accounting practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing the Group cash flow model provided by management and challenging the assumptions made;
- Checking the numerical accuracy of management's financial projections;
- Challenging the key assumptions used in the forecasts, including downside sensitivities of reduced sales volumes;
- Reviewed the availability of facilities and cash reserves in the context of both the financial projections and downside scenarios, including an assessment of compliance with applicable covenants;
- Procedures to review and evaluate the historical accuracy of management's past projections;
- Reviewing the disclosures made in the financial statements relating to going concern and agreeing it is consistent with management's assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or Parent Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

# Independent Auditor's Report to the Members of AIREA plc

## Overview of our audit approach

### Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £110,000, based on approximately 6% of normalised profit before tax. The parent Company materiality was determined as £50,000 based on a percentage of net assets, which was reduced to reflect its low level of activity.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment and is approximately £77,000. The performance materiality for the Company is approximately £35,000.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £6,000. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

### Overview of the scope of our audit

The Group and its subsidiaries are accounted for at one location, being the parent Company's registered office. We performed full scope audits of the complete financial information of Airea plc and the three components, Burmatex Limited, Fope Limited and Airea Floor Coverings Limited. The work was performed directly by the Group audit team. The operations that were subject to full-scope audit procedures made up 100% of the consolidated revenues, total profit before tax on continuing operations and total assets and liabilities.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	How the scope of our audit addressed the key audit matter
Valuation of defined benefit pension scheme (note 20)	
The Group operates a defined benefit pension scheme that provides benefits to a number of current and former employees. At 31 December 2023, the defined benefit pension schemes' net liabilities were £5.0 million. The gross value of pension scheme assets amounted to £34.6 million, with gross liabilities £39.5 million. The valuation of the defined benefit pension scheme net liabilities in accordance with IAS 19 'Employee Benefits' involves significant judgement and is subject to complex actuarial assumptions. Small variations in those actuarial assumptions can lead to a materially different defined benefit pension scheme asset or liability being recognised within the Group financial statements. Therefore, we identified the valuation of the defined benefit pension scheme as a significant risk, which was one of the most significant assessed risks of material misstatement.	<p>Our audit procedures consisted of:</p> <ul style="list-style-type: none"> <li>• Documenting our understanding of management's processes for evaluating the defined benefit scheme and assessing the design effectiveness of related key controls;</li> <li>• Evaluating the independence and competence of management's actuary;</li> <li>• Benchmarked the key assumptions used by management in the Group's valuation using an independent auditor expert actuary, comparing the data used to external market data;</li> <li>• Corroborating the valuation of pension scheme assets to third party statements;</li> <li>• Assessing disclosures made in the financial statements to determine compliance with IAS 19;</li> </ul>



# Independent Auditor's Report to the Members of AIREA plc

(continued)

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

## Other information

The directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## Independent Auditor's Report to the Members of Airea plc (continued)

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Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the Group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were relevant Company law and taxation legislation in the UK, being the principal jurisdiction in which the Group operates, and QCA Corporate governance code.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and those charged with governance about their own identification and assessment of the risks of irregularities, testing a selection of journals, used data analytics techniques to identify any unusual transactions and reviewing accounting estimates for biases where significant judgements are involved (see Key audit matters above).

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organised schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Mark Evans (Senior Statutory Auditor)

for and on behalf of

#### Crowe U.K. LLP

Statutory Auditor  
Black Country House  
Rounds Green Road  
Oldbury  
B69 2DG

25 March 2024

## Consolidated Income Statement

for the year ended 31st December 2023

	Note	Year ended 31st December 2023 £000	Year ended 31st December 2022 £000
<b>Continuing Operations</b>			
<b>Revenue</b>	<b>2</b>	<b>21,102</b>	<b>18,483</b>
Operating costs	3	(19,788)	(17,111)
Other operating income		490	280
Operating profit before valuation gain		1,804	1,652
Unrealised valuation gain	11	60	-
<b>Operating profit</b>		<b>1,864</b>	<b>1,652</b>
Finance income	5a	72	32
Finance costs	5b	(523)	(251)
<b>Profit before taxation</b>		<b>1,413</b>	<b>1,433</b>
Taxation	6	(644)	(138)
<b>Profit attributable to shareholders of the Group</b>		<b>769</b>	<b>1,295</b>
Basic and diluted earnings per share for the Group	7	1.99p	3.36p

## Consolidated Statement of Comprehensive Income

for the year ended 31st December 2023

	Note	2023 £000	2023 £000	2022 £000	2022 £000
Profit attributable to shareholders of the Group			769		1,295
Items that will not be classified to profit or loss					
Remeasurement of the net defined benefit liability	20	(3,281)		(1,247)	
Related deferred taxation	12a	820		318	
Revaluation of property	9	315		(25)	
Related deferred taxation	12b	(79)		5	
Total other comprehensive loss			(2,225)		(949)
Total comprehensive (loss)/income attributable to shareholders of the Group			(1,456)		346

The notes on pages 21 to 42 form part of these financial statements.

# Consolidated Balance Sheet

as at 31st December 2023

	Note	2023 £000	2023 £000	2022 £000	2022 £000
<b>Non-current assets</b>					
Property, plant and equipment	9		6,379		5,272
Intangible assets	10		65		71
Investment property	11		4,060		4,000
Deferred tax asset	12a		1,413		917
Right-of-use-asset	13		895		879
			12,812		11,139
<b>Current assets</b>					
Inventories	14	5,753		5,895	
Trade and other receivables	15	3,156		2,351	
Cash and cash equivalents	16	5,758		5,762	
			14,667		14,008
<b>Total assets</b>			<b>27,479</b>		<b>25,147</b>
<b>Current liabilities</b>					
Trade and other payables	17	(3,795)		(3,316)	
Provisions	18	-		(77)	
Lease liabilities	13	(183)		(131)	
Loans and borrowings	19	(739)		(734)	
			(4,717)		(4,258)
<b>Non-current liabilities</b>					
Deferred tax	12b	(1,439)		(1,040)	
Pension deficit	20	(4,972)		(1,345)	
Lease liabilities	13	(287)		(202)	
Loans and borrowings	19	(1,119)		(1,858)	
			(7,817)		(4,445)
<b>Total liabilities</b>			<b>(12,534)</b>		<b>(8,703)</b>
<b>Net assets</b>			<b>14,945</b>		<b>16,444</b>
<b>Equity</b>					
Called up share capital	21		10,339		10,339
Share premium account			504		504
Own Shares			(1,636)		(2,000)
Share-based payment reserve			150		-
Capital redemption reserve			3,617		3,617
Revaluation reserve			3,376		3,096
Retained earnings			(1,405)		888
<b>Total equity</b>			<b>14,945</b>		<b>16,444</b>

The financial statements on pages 17 to 44 were approved by the Board of Directors on 25th March 2024 and signed on its behalf by:

**Martin Conleth Campbell**  
Chief Financial Officer  
Company number 00526657

The notes on pages 21 to 44 form part of these financial statements.

# Consolidated Statement of Cash Flows

for the year ended 31st December 2023

	Note	Year ended 31st December 2023 £000	Year ended 31st December 2022 £000
<b>Cash flows from operating activities</b>			
Profit for the year		769	1,295
Depreciation	9	374	309
Depreciation of right-of-use assets	13	279	260
Amortisation	10	33	29
Movement in provisions		(77)	(168)
Share-based payment expense		150	(157)
Net Finance costs	5	451	219
Tax charge	6	644	138
Unrealised valuation gain	11	(60)	-
Profit on disposal of tangible fixed asset		-	(77)
<b>Operating cash flows before movements in working capital</b>		<b>2,563</b>	<b>1,848</b>
Decrease in inventories		142	255
Increase in trade and other receivables		(807)	(464)
Increase in trade and other payables		479	66
<b>Cash generated from operations</b>		<b>2,377</b>	<b>1,705</b>
Contributions to defined benefit pension scheme		-	-
<b>Net cash generated from operating activities</b>		<b>2,377</b>	<b>1,705</b>
<b>Cash flows from investing activities</b>			
Payments to acquire intangible fixed assets		(27)	(45)
Payments to acquire tangible fixed assets		(1,166)	(312)
Receipt from the sale of tangible fixed assets		-	77
<b>Net cash used in investing activities</b>		<b>(1,193)</b>	<b>(280)</b>
<b>Cash flows from financing activities</b>			
Interest paid on lease liabilities		(17)	(11)
Interest paid on borrowings		(160)	(142)
Interest received		72	32
Proceeds from asset financing		-	-
Principal paid on lease liabilities	13	(156)	(141)
Equity dividend paid		(193)	(154)
Repayment of loans		(734)	(935)
<b>Net cash used in financing activities</b>		<b>(1,188)</b>	<b>(1,351)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(4)</b>	<b>74</b>
<b>Cash and cash equivalents at start of the year</b>		<b>5,762</b>	<b>5,688</b>
<b>Cash and cash equivalents at end of the year</b>		<b>5,758</b>	<b>5,762</b>

The notes on pages 21 to 44 form part of these financial statements.

## Consolidated Statement of Changes in Equity

as at 31st December 2023

	Share capital £000	Share premium account £000	Own shares £000	Share based payment reserve £000	Capital redemption reserve £000	Revaluation reserve £000	Retained earnings £000	Total equity £000
<b>As 1st January 2022</b>	<b>10,339</b>	<b>504</b>	<b>(555)</b>	<b>157</b>	<b>3,617</b>	<b>3,150</b>	<b>(803)</b>	<b>16,409</b>
<b>Comprehensive income for the year</b>								
Profit for the year	-	-	-	-	-	-	1,295	1,295
Remeasurement of the net defined benefit liability	-	-	-	-	-	-	(929)	(929)
Revaluation of property	-	-	-	-	-	(25)	5	(20)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(25)</b>	<b>371</b>	<b>346</b>
<b>Contributions by and distributions to owners</b>								
Dividend paid	-	-	-	-	-	-	(154)	(154)
Share-based payment	-	-	-	(157)	-	-	-	(157)
Own Share Transfer	-	-	(1,445)	-	-	-	1,445	-
Revaluation Reserve Transfer	-	-	-	-	-	(29)	29	-
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>(1,445)</b>	<b>(157)</b>	<b>-</b>	<b>(29)</b>	<b>1,320</b>	<b>(311)</b>
<b>At 31st December 2022</b>								
<b>And 1st January 2023</b>	<b>10,339</b>	<b>504</b>	<b>(2,000)</b>	<b>-</b>	<b>3,617</b>	<b>3,096</b>	<b>888</b>	<b>16,444</b>
<b>Comprehensive income for the year</b>								
Profit for the year	-	-	-	-	-	-	769	769
Remeasurement of the net defined benefit liability	-	-	-	-	-	-	(2,461)	(2,461)
Revaluation of property	-	-	-	-	-	315	(79)	236
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>315</b>	<b>(1,771)</b>	<b>(1,456)</b>
<b>Contributions by and distributions to owners</b>								
Dividend paid	-	-	-	-	-	-	(193)	(193)
Share-based payment	-	-	-	150	-	-	-	150
Own Share Transfer	-	-	364	-	-	-	(364)	-
Revaluation Reserve Transfer	-	-	-	-	-	(35)	35	-
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>364</b>	<b>150</b>	<b>-</b>	<b>(35)</b>	<b>(522)</b>	<b>(43)</b>
<b>At 31st December 2023</b>	<b>10,339</b>	<b>504</b>	<b>(1,636)</b>	<b>150</b>	<b>3,617</b>	<b>3,376</b>	<b>(1,405)</b>	<b>14,945</b>

The shortfall in the balance between the exercise price of the share options granted and the outstanding loan to the EBT is transferred from own shares to retained earnings over the vesting period note 25.

# Notes to the Financial Statements of the Group

## 1. ACCOUNTING POLICIES OF THE GROUP

The principal Accounting Policies adopted in the preparation of the Group's IFRS Financial Statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The Company is a specialist flooring Company and a public limited Company, listed on the AIM section of London Stock Exchange, incorporated and domiciled in the England and Wales. The address of its registered office is Victoria Mills, The Green, Ossett, West Yorkshire WF5 0AN.

### Basis of preparation

The consolidated financial statements have been prepared on a going concern basis in accordance with applicable law and UK adopted International Accounting Standards. The basis of preparation and accounting policies used in preparing the financial statements for the year ended 31st December 2023 remain unchanged from the previous year and are set out below. The preparation of financial statements under IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

### Significant accounting judgements and estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimates is contained in the accounting policies and note 4 to the financial statements.

### Basis of consolidation

The consolidated financial statements comprise the financial statements of AIREA plc and its subsidiaries. Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of an investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date at which control is obtained. They are deconsolidated from the date at which control ceases.

### Going Concern

In preparing these financial statements, the Directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Group will continue in business. In satisfaction of this responsibility the Directors have considered the Group's ability to meet its liabilities as they fall due for a period of at least twelve months from the signing date of the financial statements.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and will not breach the covenants on the existing borrowings. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of goods in accordance with the Group's primary revenue stream as set out below. Revenue is shown net of Value Added Tax.

### Sales of floor coverings

Goods are recognised at the point of acceptance by the customer reflecting fulfilment of the sole performance obligation to the customer.

Contracts with customers are typically fixed price based on agreed amounts and invoiced upon despatch of the goods in line with the standard terms and conditions of the Group. The Group's standard payment terms are 20th of the month following the date of the invoice. There are no long-term contract or financing arrangements in place across the Group.

The Group is assessed operationally and financially under one revenue stream. The Directors do not therefore consider there to be a lower relevant level of revenue disaggregation than that disclosed in note 2, Operating Segments. There are no material concentrations of revenue by customers.

# Notes to the Financial Statements of the Group

(continued)

## 1. ACCOUNTING POLICIES OF THE GROUP (continued)

### Other operating income

Other operating income comprises of rent receivable on an investment property that is let outside of the Group. Income on such rent is recognised evenly throughout the year for the period in which it relates.

### Government grants

Government grants are set against the relevant cost.

### Interest payable and receivable

Interest payable and receivable is accounted for on an effective interest method.

### Dividends payable

Dividends payable are recognised when the shareholders' right to receive payment is established and are only included in liabilities if approved in a general meeting prior to the balance sheet date.

### Property

Freehold land and buildings are carried at fair value, based on periodic valuations by a professionally qualified valuer. These revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in the revaluation reserve except to the extent that any decrease in value in excess of the credit balance on the revaluation reserve, or reversal of such a transaction, is recognised in profit or loss.

At the date of revaluation, the accumulated depreciation on the revalued freehold property is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The excess depreciation on the revalued freehold building, over the amount that would have been charged on the historical cost basis (which will continue to be expensed to the income statement) is transferred from the revaluation reserve to retained earnings in line with the historical cost depreciation.

Freehold land is not depreciated. Depreciation is provided on all other items of property so as to write off their carrying value over their useful economic lives. It is provided at the following rate:

Buildings	2% – 10%
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### Plant and equipment

Plant and equipment are held at cost less accumulated depreciation and impairment charges. Depreciation on assets under the course of construction does not commence until they are completely available for use. Depreciation is provided on all other items of plant and equipment to write off the cost less the estimated residual value, which is reviewed annually, by equal instalments over their estimated useful economic lives as follows:

Plant and equipment	10% – 33%
---------------------	-----------

### Investment property

The Group applies the fair value accounting model to investment property. Investment property comprises property held by the Group for the purpose of earning rental income and/or capital appreciation. Investment property is stated at fair value at the reporting date with changes in fair value being recognised in the consolidated income statement.

The fair value of investment property reflects among other things the rental income from the operating lease, expected yield rates and assumptions about rental income from current market conditions.

### Fair value

Fair value estimation under IFRS 13 requires the Group to classify for disclosure purposes fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements on its assets. The fair value hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (prices) or indirectly (derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data. Their fair value of assets and investment property are determined using valuation techniques (notes 9 and 11).

### Impairment testing of property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment loss is charged pro-rata to the assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.



# Notes to the Financial Statements of the Group

(continued)

## 1. ACCOUNTING POLICIES OF THE GROUP (continued)

### Intangible assets

Expenditure on development activities is capitalised if the product or process meets the recognition criteria for development expenditure as set out in IAS 38 'Intangible Assets'. The expenditure capitalised includes all directly attributable costs, from the date that the intangible asset meets the recognition criteria, necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Development expenditure is identified as being capital in nature if the costs can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Other development expenditure not meeting these criteria is recognised in profit or loss as incurred. Once the asset is ready for use, the capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Intangible assets not yet ready for use are tested for impairment annually. Amortisation is provided to write off the cost by equal instalments through operating costs in the income statement over their estimated useful economic lives as follows:

Intangible assets 20 – 33%

### Inventories

Inventories are stated at the lower of cost (on a first in, first out basis) and net realisable value. Cost includes materials, direct labour and works overhead based on a normal level of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and sale. Provision is made for obsolete, slow moving or defective items where appropriate.

### Foreign currency

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the income statement in the period in which they arise.

### Financial assets

Financial assets that are held to collect are categorised as amortised cost under IFRS 9. This includes the Group's trade receivables, and cash and cash equivalents. Financial assets are assigned to this category on initial recognition, depending on the characteristics of the instrument and the corresponding business model (generate cash via sale of manufactured flooring). A financial instrument's category is relevant for the way it is measured and whether any resulting income and expense is recognised in profit or loss or other comprehensive income.

Financial assets comprise trade receivables and cash and cash equivalents. Financial assets are recognised in the Group's Consolidated Balance Sheet when the Group becomes a party to the contractual provisions of the instrument. Trade receivables are measured at initial recognition at fair value and subsequently measured at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement using the expected credit loss model.

The Group recognises all financial assets when the Group becomes party to the contractual provisions of the instrument. Financial assets are recognised initially at fair value plus transaction costs, and subsequently at amortised cost using the effective interest method, less any allowance for impairment. Financial assets are reviewed for impairment under the simplified approach to the expected credit loss model under IFRS 9. This is calculated through the use of a provision matrix by considering default rates by receivable age. A historic 2 year actual impairment loss on receivables, adjusted for management's expectation of future market conditions is utilised within this matrix. The movement in allowances for receivables is charged or credited through the income statement. Discounting of long-term receivables is omitted where the effect is immaterial.

### Financial liabilities

The Group's financial liabilities include trade payables, lease liabilities, accruals and other creditors and are all categorised under amortised cost in accordance with IFRS 9. Trade payables are not interest bearing and are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method.

### Leases

Where a contract meets IFRS 16's definition of a lease, lease agreements give rise to the recognition of a non-current asset representing the right to use the leased item, and a loan obligation for future lease payables. Lease costs are recognised in the form of depreciation of the right to use asset and interest on the lease liability.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in the statement of comprehensive income under 'finance charges'.

# Notes to the Financial Statements of the Group

(continued)

## 1. ACCOUNTING POLICIES OF THE GROUP (continued)

### Taxation

Current tax payable is provided on taxable profits at prevailing rates for the year.

Deferred income taxation is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group's financial statements, at rates expected to apply when they reverse, based on current tax rates and law. Deferred income taxation is not provided on the initial recognition of an asset or liability in a transaction, other than a business combination, if at the time of the transaction there is no effect on either accounting or taxable profit or loss.

Deferred income tax assets are recognised to the extent that there are future taxable temporary differences from the unwind of the deferred income tax liabilities, against which these deductible temporary differences can be utilised or other future taxable profits. Deferred tax assets and liabilities are not discounted. Deferred income taxation is determined using the tax rates and laws that have been enacted, or substantively enacted during the year and are expected to apply in the periods in which the related deferred tax asset or liability is reversed. No material uncertain tax positions exist as at 31 December 2023.

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and on short-term deposit, together with other short-term, highly liquid, investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

### Pensions

The current service cost of providing retirement pensions and related benefits under the Group defined benefit scheme along with the interest on the net pension deficit is included in other finance costs. Actuarial gains and losses, net of the related deferred taxation, are recognised in other comprehensive income. Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates that have terms to maturity approximating to the terms of the related liability. The surplus or deficit as calculated by the scheme's actuary is presented separately on the balance sheet. The related deferred tax is shown with other deferred tax balances. A surplus is recognised only to the extent that it is recoverable by the Group.

Amounts paid to defined contribution schemes are charged against operating profit as part of operating costs as incurred.

### Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation arising from past events and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions that are payable over a number of years are discounted to net present value at the balance sheet date using a discount rate appropriate to the particular provision concerned.

### Employee Benefits Trust (EBT)

As the Company is deemed to have control of its EBT trust, it is treated as a subsidiary and consolidated for the purpose of the consolidated financial statements. The EBT's assets (other than investments in the Company's shares), liabilities, income and expenses are included on a line-by-line basis in the consolidated financial statements. The EBT's investment in Company's shares is deducted from equity in the consolidated statement of financial position referred to as 'Own Shares'.

### Equity

Equity is broken down into the elements listed below:

- **Share capital** representing the nominal value of equity shares;
- **Share premium** representing the excess over nominal value of the fair value of consideration received for equity shares;
- **Own Shares** representing the weighted average cost of own shares held by the employee benefit trust;
- **Share-based payment reserve** represents the movement in cost of equity settled transactions in relation to long-term incentive plan;
- **Capital redemption reserve** representing the nominal value of the Company's own shares purchased by the Company and cancelled;
- **Revaluation reserve** representing the above cost of assets held at fair value; and
- **Retained earnings** representing amounts retained from earnings.

# Notes to the Financial Statements of the Group

(continued)

## 1. ACCOUNTING POLICIES OF THE GROUP (continued)

### Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

### Recent accounting developments

The financial statements are prepared in accordance with UK adopted international accounting standards and interpretations in force at the reporting date. The Group has not adopted any standard or interpretations in advance of the required implementation dates. The following standards were adopted in the period.

- Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- Annual Improvements to IFRS, (2018-2020 Cycle): IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16 and IAS 41

There were no new standards, interpretations and amendments, which are not yet effective and have not been adopted early in these financial statements, which will or may have an effect on the Group's future financial statements. The Directors continue to assess any accounting developments which could have a material effect on the financial statements.

## 2. OPERATING SEGMENTS

The Group presents its results in accordance with internal management reporting information which means that the Group is reported as only one segment. The performance of the Group is monitored and measured and strategic decisions made by the Chief Operating Decision Maker, which is deemed to be the Board, on the basis of the Group's results. The Group's results include all items presented under IFRS. This management information therefore accords with Group financial information presented in the consolidated income statement and consolidated balance sheet.

Revenue is reported by geographical location of customers.

All revenue is generated by operations within the United Kingdom and all assets are located in the United Kingdom.

### Analysis of revenue by destination

	Year ended 31st December 2023 £000	Year ended 31st December 2022 £000
United Kingdom	16,227	15,077
Rest of the World	4,875	3,406
	21,102	18,483

## Notes to the Financial Statements of the Group

(continued)

### 3. OPERATING COSTS

	Year ended 31st December 2023 £000	Year ended 31st December 2022 £000
Changes in stocks of finished goods and work in progress	189	216
Raw materials and consumables	8,280	7,635
Other external charges	4,633	3,970
Staff costs (note 22)	6,002	4,763
Depreciation	374	309
Depreciation of right-of-use asset	279	260
Amortisation	33	29
Profit on disposal of fixed asset	–	(77)
Foreign exchange differences	(2)	6
	19,788	17,111

Other external charges include the following amounts payable to the Company's auditor.

	Year ended 31st December 2023 £000	Year ended 31st December 2022 £000
Fees payable to the Company's auditor for the audit of the Group's financial statements	51	34
Audit of the financial statements of the Company's subsidiaries		
Pursuant to legislation	22	27
	73	61

### 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Group's accounting policies, appropriate key judgements and estimates have been made in a number of areas and the actual outcome may vary from the position described in the consolidated balance sheet at 31st December 2023.

#### Key Judgements

Deferred tax assets – £1,413,000 (2022: £917,000)

Deferred tax assets are recognised at the balance sheet date based on the assumption that there is a high expectation that the assets will be realised in due course. This assumption is dependent upon the Group having losses that are available for offset and the ability to generate sufficient future taxable profits. Details of the deferred tax asset are given in note 12.

#### Accounting estimates

The key sources of estimation uncertainty that may give rise to a material adjustment to the carrying value of assets and liabilities within the next financial year are as follows:

Inventories – £5,753,000 (2022: £5,895,000)

The inventory is carried at the lower of cost and net realisable value. Certain items of inventory are not expected to sell at prices which cover cost, either because they are remnants, come from discontinued ranges or are below the required quality standard. Any items with a cost in excess of the net realisable value are provided against, this provision is based on the market price less cost to sell. Development of new product lines is managed carefully to minimise the level of obsolescence of products to avoid the requirement for provision.

Credit loss provision – £60,000 (2022: £76,000)

Certain debts carry the potential to become uncollectable and the Group calculates a provision for credit losses using a model of expected loss rates detailed in note 15. The provision has decreased year on year to reflect the improvement in general economic conditions.

## Notes to the Financial Statements of the Group (continued)

### 4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Investment property – £4,060,000 (2022: £4,000,000)

Investment property is held on the balance sheet at fair value on the basis that the current lease continues to expiry and a further lease is agreed at market rents. The Group is in the process of agreeing a new lease with the existing tenant. The value included in the financial statements is based upon a third party professional valuation. Details of the investment property are given in note 11.

Pension deficit – £4,972,000 (2022: £1,345,000)

The calculation of the pension deficit is subject to a number of assumptions as detailed in note 20. Any difference between actual events and those assumed at the balance sheet date could result in a change in the pension deficit.

### 5. FINANCE INCOME AND COSTS

	Year ended 31st December 2023 £000	Year ended 31st December 2022 £000
<b>(a) Finance income</b>		
Other Interest	72	32

	Year ended 31st December 2023 £000	Year ended 31st December 2022 £000
<b>(b) Finance costs</b>		
Finance costs relating to lease (note 13)	17	11
Finance costs relating to borrowings (note 19)	160	142
Finance costs relating to the pension scheme (note 20)	346	98
	523	251

### 6. Taxation

	Year ended 31st December 2023 £000	Year ended 31st December 2022 £000
Based on the profit for the year at 25.00% (2022: 19.00%)		
Corporation tax		
– Current year	–	3
– Prior year	–	–
Total current tax		3
Deferred tax		
– Current year	731	153
– Relating to pension deficit	(87)	(18)
Total deferred tax (note 12)	644	135
Total tax charge for the year	644	138

## Notes to the Financial Statements of the Group

(continued)

### 6. Taxation (continued)

The tax charge for the year can be reconciled to the profit per the consolidated income statement at the standard rate of corporation tax in the United Kingdom of 25% (2022: 19%) as follows:

	Year ended 31st December 2023 £000	Year ended 31st December 2022 £000
Profit on ordinary activities before tax	1,413	1,433
Profit on ordinary activities before tax multiplied by standard rate of corporation tax of 25.00% (2022: 19.00%)	353	272
Effects of:		
Disallowed expenditure	249	84
Capital allowance	(122)	(112)
R&D claim	(90)	(142)
Deferred tax on accounting policy alignment on consolidation	254	–
Change in deferred tax rate	–	36
Total tax charge for the year	644	138

### 7. EARNINGS PER SHARE

The calculation of basic and earnings per share is based on the following data:

Number of shares	Year ended 31st December 2023 £000	Year ended 31st December 2022 £000
Weighted average number of Ordinary Shares used in basic and diluted EPS	38,576,753	38,576,753
<b>Earnings</b>	Year ended 31st December 2023 £000	Year ended 31st December 2022 £000
Earnings used in basic and diluted EPS	769	1,295
<b>Group earnings per share</b>	Year ended 31st December 2023 pence	Year ended 31st December 2022 pence
Basic and diluted earnings per share for the Group	1.99p	3.36

## Notes to the Financial Statements of the Group

(continued)

### 8. NET (CASH)/DEBT

	Cash and cash equivalents £000	Lease Liabilities £000	Loans and borrowings £000	Total £000
At 1st January 2022	(5,688)	307	3,527	(1,854)
Cash flow	(74)	(141)	(935)	(1,150)
New finance leases in the year	-	203	-	203
Disposal of finance lease in the year	-	(36)	-	(36)
At 1st January 2023	(5,762)	333	2,592	(2,837)
Cash flow	4	(156)	(734)	(886)
New finance leases in the year	-	293	-	293
At 31st December 2023	(5,758)	470	1,858	(3,430)
Balance comprises:				
Current assets	(5,758)	-	-	(5,758)
Current liabilities	-	183	739	922
Non-current liabilities	-	287	1,119	1,406
	(5,758)	470	1,858	(3,430)

### 9. PROPERTY, PLANT AND EQUIPMENT

	Property £000	Plant and equipment £000	Total £000
<b>Cost or valuation</b>			
At 1st January 2022	3,601	10,026	13,627
Additions	117	195	312
Disposals	-	(13)	(13)
At 31st December 2022	3,718	10,208	13,926
Additions	831	335	1,166
Disposals	-	-	-
At 31st December 2023	4,549	10,543	15,092
<b>Depreciation</b>			
At 1st January 2022	81	8,241	8,322
Charge for year	92	217	309
Disposals	-	(2)	(2)
Revaluation	25	-	25
At 31st December 2022	198	8,456	8,654
Charge for year	131	243	374
Disposals	-	-	-
Revaluation	(315)	-	(315)
At 31st December 2023	14	8,699	8,713
<b>Net book value</b>			
At 31st December 2022	3,520	1,752	5,272
At 31st December 2023	4,535	1,844	6,379

## Notes to the Financial Statements of the Group

(continued)

### 9. PROPERTY, PLANT AND EQUIPMENT (continued)

The property, plant and equipment have been pledged as security for the Group's bank facilities by way of a fixed charge over property and a fixed and floating charge over the rest of the assets.

The Group has assets under construction of £235,000 (2022: £88,000) included within plant and equipment.

The Group has contracts placed for future capital expenditure of £478,000 (2022: £735,000) related to property, plant and equipment. The operating property was valued at 31st December 2023. The valuation was prepared in accordance with the RICS Valuation – Global Standards, January 2022, published by the Royal Institution of Chartered Surveyors (“RICS”) (“the Red Book”) and the IVSC International Valuation Standards by external independent qualified valuers with recent experience valuing operating properties in the location held by the Group.

The property measured at fair value is categorised as level 3 in the fair value hierarchy as defined by IFRS 13 as one or more of the inputs to the valuation are partly based on unobservable market data. In arriving at their valuation, the independent valuers have formed an opinion as to the unobservable input being the rent per square foot which a potential purchaser would apply in arriving at the market value. This input is arrived at using market comparables for the type, location and condition of the property. The capital rate used for valuation is £23.51 per sq ft. The effect of a £5 change in the capital rate per square foot would be a £964,000 movement in the valuation.

Fair value measurement is based on the above items highest and best use which does not differ from their actual use.

### 10. INTANGIBLE ASSETS

	£000
<b>Cost</b>	
At 1st January 2022	299
Additions	45
At 31st December 2022	344
Additions	27
At 31st December 2023	371
<b>Amortisation</b>	
At 1st January 2022	244
Charge for the year	29
At 31st December 2022	273
Charge for the year	33
At 31st December 2023	306
<b>Net book value</b>	
At 31st December 2022	71
At 31st December 2023	65

The expenditure relates to the introduction of new technology and related products.

### 11. INVESTMENT PROPERTY

	£000
Valuation at 31st December 2022	4,000
Unrealised Valuation Gain	60
Valuation at 31st December 2023	4,060



## Notes to the Financial Statements of the Group (continued)

### 11. INVESTMENT PROPERTY (continued)

The investment property was valued at 31st December 2023. The valuation was prepared in accordance with the RICS Valuation – Global Standards, January 2022 Global and UK edition, published by the Royal Institution of Chartered Surveyors (“RICS”) (“the Red Book”) and the IVSC International Valuation Standards by external independent qualified valuers with recent experience valuing investment properties in the location held by the Group.

The property measured at fair value is categorised as level 3 in the fair value hierarchy as defined by IFRS 13 as one or more of the inputs to the valuation are partly based on unobservable market data. In arriving at their valuation, the independent valuers have formed an opinion as to the unobservable input being the yield which a potential purchaser would apply in arriving at the market value. This input is arrived at using market comparables for the type, location and condition of the property. The yield used for valuation is 8.50%. The effect of a 1% increase in the yield would be a £427,000 movement in the valuation and a 1% decrease in yield would be a £542,000 movement in valuation.

Fair value measurement is based on the above items highest and best use which does not differ from their actual use.

### 12. DEFERRED TAXATION

	Pension deficit £000	Share Scheme £000	Tax losses £000	Total £000
<b>(a) Deferred tax non-current asset</b>				
Balance at 1st January 2022	-	30	690	720
Movement during the year:				
Profit or loss	18	(30)	(109)	(121)
Other comprehensive income	318	-	-	318
Balance at 31st December 2022	336	-	581	917
Movement during the year:				
Profit or loss	87	37	(448)	(324)
Other comprehensive income	820	-	-	820
Balance at 31st December 2023	1,243	37	133	1,413
			2023 £000	2022 £000
<b>(b) Deferred tax liability</b>				
Balance brought forward			1,040	1,031
Movement during the year:				
Income statement			320	14
Consolidated statement of comprehensive income			79	(5)
Balance at 31st December			1,439	1,040
An analysis of the deferred tax liability is as follows:				
Property, plant and equipment			1,241	857
Investment property			198	183
			1,439	1,040

## Notes to the Financial Statements of the Group

(continued)

### 13. LEASES

The Group principally has two types of lease, vehicle leases and the lease of plant and equipment. As at 31st December 2023 the Group held 33 vehicle leases and 1 plant and machinery lease. All leases are of a fixed nature in relation to the payments made and any future outflows, therefore there is no impact in relation to any percentage movement in interest rate or asset value.

The below includes the balance and any movement through the year.

<b>Right of Use Assets</b>	Vehicles £000	Plant and Equipment £000	Total £000
At 1st January 2022	301	671	972
Additions	203	-	203
Disposal	(36)	-	(36)
Depreciation	(141)	(119)	(260)
At 1st January 2023	327	552	879
Additions	295	-	295
Disposal	-	-	-
Depreciation	(160)	(119)	(279)
At 31st December 2023	462	433	895

<b>Lease Liabilities</b>	Vehicles £000	PPE £000	Total £000
At 1st January 2022	307	-	307
Additions	203	-	203
Disposal	(36)	-	(36)
Payment	(152)	-	(152)
Interest Expense	11	-	11
At 1st January 2023	333	-	333
Additions	293	-	293
Disposal	-	-	-
Payments	(173)	-	(173)
Interest Expense	17	-	17
At 31st December 2023	470	-	470

	Year ended 31st December 2023 £000	Year ended 31st December 2022 £000
Current liabilities	183	131
Long-term liabilities	287	202
	470	333

Below are the future gross outflows related to Group leases.

	Year ended 31st December 2023 £000	Year ended 31st December 2022 £000
Within one year	204	139
In the second to fifth years inclusive	308	210
After five years	-	-
	512	349

## Notes to the Financial Statements of the Group

(continued)

### 13. LEASES (continued)

Receipts	Year ended 31st December 2023 £000	Year ended 31st December 2022 £000
Lease receipts under operating leases credited to other operating income	490	280

At the balance sheet date the Group had outstanding commitments for future minimum lease receipts under non-cancellable operating leases which fall due as follows:

	Year ended 31st December 2023 £000	Year ended 31st December 2022 £000
Within one year	345	270
In the second to fifth years inclusive	415	595
	760	865

Operating lease receipts represent rentals receivable by the Group from lease of its investment property.

### 14. INVENTORIES

	2023 £000	2022 £000
Raw materials and consumables	928	865
Work in progress	84	334
Finished goods	4,741	4,696
	5,753	5,895

The consolidated income statement includes £8,469,000 (2022: £7,851,000) as an expense for inventories. The provision at 31st December 2023 was £147,000 (2022: £258,000).

### 15. TRADE AND OTHER RECEIVABLES

	2023 £000	2022 £000
Trade receivables	2,607	2,043
Prepayments and accrued income	549	308
	3,156	2,351

The carrying value of trade receivables is considered a reasonable approximation of fair value.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using expected loss rates. The expected loss rates are based on the Group's historical credit losses experienced over the two-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers such as GDP or unemployment rates. There is no set time as to when a debt would be written off. Management would make the decision on a debt-by-debt basis and write it off against the credit loss provision when it is no longer deemed as collectable.

## Notes to the Financial Statements of the Group

(continued)

### 15. TRADE AND OTHER RECEIVABLES (continued)

A reconciliation of the movement in the impairment allowance for receivables under the expected credit loss model is shown below.

	2023 £000	2022 £000
Provision for bad and doubtful debts as at 1st January	76	95
Amount Charges	44	33
Amount Released	(60)	(52)
Expected credit loss provision as at 31st December	60	76

£'000	Current	More than 30 days	More than 60 days	More than 90 days	More than 120 days	Specific	Total
Expected credit loss rate	0.04%	0.04%	0.14%	0.76%	100%	100%	
Total gross carrying amount	1,540	855	194	19	10	49	2,667
Lifetime expected credit losses	(1)	(0)	(0)	(0)	(10)	(49)	(60)
Net carrying amount							2,607

### 16. CASH AND CASH EQUIVALENTS

	2023 £000	2022 £000
Cash at bank and in hand	5,758	5,762

### 17. TRADE AND OTHER PAYABLES

	2023 £000	2022 £000
Trade payables	2,535	2,220
Social security and other taxes	466	310
Accruals and other creditors	794	786
	3,795	3,316

### 18. PROVISIONS

	£000
At 1st January 2022	245
Amount utilised	(168)
Provisions charged in the period	-
At 31st December 2022	77
Amount utilised	(77)
Provisions charged in the year	-
At 31st December 2023	-

In the prior year the Group held a provision relating to ongoing legal costs relating to historic employee claims. Any outstanding matters have been resolved during the year.

## Notes to the Financial Statements of the Group

(continued)

### 19. BORROWING

The cash flows relating to borrowing are as follows:

	£000
As at 31st December 2022	2,592
Payments	(894)
Interest charge	160
As at 31st December 2023	1,858

Below are the future economic outflows related to Company borrowing.

	2023 £000	2022 £000
Within one year	855	884
In the second to fifth years inclusive	1,186	2,018
Net cash outflow	2,041	2,902

During 2021, a loan of £934,000 was taken against the purchase of new machinery, which is repayable in 60 equal monthly instalments with an interest rate of 2.84%. Within the above outstanding commitments £18,000 relates to interest that will be payable under the agreement.

During 2020, a Coronavirus Business Interruption Loan ("CBILS") of £2.75m was secured with no fees or interest payable for the initial 12 month period. After the initial 12 month period the loan is repayable in 60 equal monthly instalments with an interest rate of 3.99% above the Bank of England Base rate. Within the above outstanding commitments £164,000 relates to interest that will be payable under the agreement.

At the balance sheet date the Group recognise the following liabilities.

	2023 £000	2022 £000
Current liabilities – due within one year	739	734
Non-current liabilities – not due within one year	1,119	1,858
	1,858	2,592

### 20. PENSION COMMITMENTS

AIREA PLC and Burmatex Ltd sponsor the Sirdar PLC Retirement Benefits Plan (1974), a funded defined benefit pension scheme in the UK. The Plan is administered within a trust which is legally separate from the Companies. Trustees are appointed by both the Companies and the Plan's membership and act in the interest of the Plan and all relevant stakeholders, including the members and the Companies. The Trustees are also responsible for the investment of the Plan's assets.

Responsibility for making good any deficit within the Plan lies with the Companies and this introduces a number of risks. The major risks are: interest rate risk; inflation risk; investment risk and longevity risk. The Companies and Trustees are aware of these risks and manage them through appropriate investment and funding strategies. The Trustees manage governance and operational risks through a number of internal controls policies, including a risk register.

## Notes to the Financial Statements of the Group

(continued)

### 20. PENSION COMMITMENTS (continued)

The Plan is subject to regular actuarial valuations, which are usually carried out every three years. These actuarial valuations are carried out in accordance with the requirements of the Pensions Act 2004 and so include deliberate margins for prudence. This contrasts with these accounting disclosures, which are determined using assumptions set in line with accounting standards.

A formal actuarial valuation is currently being carried out as at 1st July 2023. The preliminary results of that valuation have been projected to 31st December 2023 by a qualified independent actuary. The figures in the following disclosure were measured using the Projected Unit Method.

The amounts recognised in the statement of financial position are as follows:

	31st December 2023 £000	31st December 2022 £000
Present value of scheme liabilities	(39,530)	(36,272)
Fair value of scheme assets	34,558	34,927
Funded status	(4,972)	(1,345)
Net amount recognised at year end (before any adjustment for deferred tax)	(4,972)	(1,345)

### The amounts recognised in comprehensive income are:

The current and past service costs, settlements and curtailments, together with the net interest expense for the year are included in the employee benefits expense in the statement of comprehensive income. Remeasurements of the net defined benefit liability are included in other comprehensive income.

	Year ended 31st December 2023 £000	Year ended 31st December 2022 £000
<b>Service cost:</b>		
Administration expenses	273	195
Net interest expense	73	(97)
Charge recognised in profit or loss within finance costs	346	98
<b>Remeasurements of the net liability:</b>		
Return on scheme assets (excluding amount included in interest expense)	(1,384)	17,825
Loss /(gain) arising from changes in financial assumptions	1,099	(11,541)
Loss arising from changes in demographic assumptions	766	59
Experience Loss	2,800	-
Reversal of restriction on asset recognition	-	(5,096)
Charge recorded in other comprehensive income	3,281	1,247
Total defined benefit cost	3,627	1,345

## Notes to the Financial Statements of the Group (continued)

### 20. PENSION COMMITMENTS (continued)

The principal actuarial assumptions used were:

	Year ended 31st December 2023 £000	Year ended 31st December 2022 £000
Liabilities discount rate	4.55%	4.95%
Inflation assumption – RPI	3.15%	3.30%
Inflation assumption – CPI	2.45%	2.60%
Revaluation of deferred pensions		
– benefits accrued prior to 06/04/1997	2.45%	2.60%
– benefits accrued after 06/04/1997	2.45%	2.60%
Rate of increase to pensions in payment		
– benefits accrued prior to 06/04/1997	2.45%	2.60%
– benefits accrued after 06/04/1997	2.45%	2.60%
Proportion of employees opting for early retirement	nil	nil
Proportion of employees commuting pension for cash	100%	100%
Proportion of non-pensioners taking PIE at retirement	50%	50%
Mortality assumption – pre-retirement	As post-retirement	As post-retirement
Mortality assumption – male post-retirement	107% SAPS S3PMA CMI 2022 M 1.55% IA – 0.1% W2023 = 35%	109% SAPS S3PMA CMI 2021 M 1.00% IA – 0.25% W2020 = 7.5% W2021 = 7.5%
Mortality assumption – female post-retirement	109% SAPS S3PFA CMI 2022 F 1.55% IA – 0.1% W2023 = 35%	112% SAPS S3PFA CMI 2021 F 1.00% IA – 0.25% W2020 = 7.5% W2021 = 7.5%
Expected age at death of current pensioner at age 65:		
Male aged 65 at year end:	86.1	86.0
Female pensioner at age 65:	88.3	88.3
Future expected lifetime of future pensioner at age 65:		
Male aged 45 at year end:	87.7	87.0
Female aged 45 at year end:	89.7	89.5

## Notes to the Financial Statements of the Group

(continued)

### 20. PENSION COMMITMENTS (continued)

#### Changes in the present value of assets over the year:

	Year ended 31st December 2023 £000	Year ended 31st December 2022 £000
Fair value of assets at start of period	34,927	55,064
Interest income	1,645	1,041
Return on assets (excluding amount included in net interest expense)	1,384	(17,825)
Contributions from the employer	-	-
Benefits paid	(3,125)	(3,158)
Administration expenses	(273)	(195)
Fair value of assets at end of period	34,558	34,927
Actual return on assets over the period	3,029	(16,784)

#### Changes in the present value of liabilities over the year:

	Year ended 31st December 2023 £000	Year ended 31st December 2022 £000
Liabilities at start of period	36,272	49,968
Interest cost	1,718	944
Remeasurement (gains)/losses		
– Actuarial gains and losses arising from changes in financial assumptions	1,099	(11,541)
– Actuarial gains and losses arising from changes in demographic assumptions	766	59
– Other Experience Loss	2,800	-
Benefits paid	(3,125)	(3,158)
At end of period	39,530	36,272

#### The split of the plan's liabilities by category of membership is as follows:

	Year ended 31st December 2023 £000	Year ended 31st December 2022 £000
Active members	-	-
Deferred pensioners	8,131	9,543
Pensions in payment	31,399	26,729
	39,530	36,272
Average duration of the Plan's liabilities at the end of the period (years)	9	9
This can be subdivided as follows:		
Active members	-	-
Deferred pensioners	13	13
Pensions in payment	9	8



## Notes to the Financial Statements of the Group

(continued)

### 20. PENSION COMMITMENTS (continued)

The major categories of scheme assets are as follows:

	Year ended 31st December 2023 £000	Year ended 31st December 2022 £000
<b>Return seeking</b>		
Synthetic Equity	4,391	2,683
Partners Fund	6,693	8,458
Multi Sector Credit	6,026	6,242
Diversified Growth Fund	6,361	6,445
Return seeking subtotal	23,471	23,828
<b>Debt instruments</b>		
LDI funds	7,322	7,137
<b>Other</b>		
Property	2,766	2,953
Cash	999	1,009
Total market value of assets	34,558	34,927

All of the equity has quoted prices in active markets. Derivatives and debt instruments are classified as level 2 and property as level 3 in the IFRS 13 fair value hierarchy.

The Scheme has no investments in the Companies or in property occupied by the Companies.

Contributions by the Company are expected to resume during year ending 31st December 2024. The level is currently being agreed between the Company and the Trustee's.

#### Sensitivity of the liability value to changes in the principal assumptions.

If the discount rate was 0.1 percent higher (lower), the Plan liabilities would decrease by £352,000 (increase by £356,000) if all the other assumptions remained unchanged.

If the inflation assumption was 0.1 percent higher (lower), the Plan liabilities would increase by £150,000 (decrease by £146,000). In this calculation all assumptions related to the inflation assumption have been appropriately adjusted, that is deferred pension and pension in payment increases. The other assumptions remain unchanged.

If life expectancies were to increase (decrease) by 1 year, the Plan liabilities would increase by £2,075,000 (decrease by £2,111,000) if all the other assumptions remained unchanged.

### 21. CALLED UP SHARE CAPITAL

	2023 Number	2023 £000	2022 Number	2022 £000
Ordinary shares of 25p each				
Allotted, called up and fully paid	41,354,353	10,339	41,354,353	10,339

The Company holds its own shares under the AIREA Employee Benefits Trust as per note 25.

## Notes to the Financial Statements of the Group

(continued)

### 22. EMPLOYEES

	Year ended 31st December 2023 £000	Year ended 31st December 2022 £000
<b>Staff costs</b>		
Wages and salaries	5,343	4,211
Social security costs	486	413
Other pension costs	173	139
	6,002	4,763

	Number	Number
<b>The average monthly number of employees, including Directors, principally in the United Kingdom were:</b>		
Sales and marketing	31	28
Administration	9	8
Manufacturing and operations	76	69
	116	105

#### Directors' remuneration and key management personnel

	Salary and fees £000	Bonus £000	Taxable benefits £000	Year ended 31st December 2023 (excluding pensions) £000	Year ended 31st December 2022 (excluding pensions) £000	Year ended 31st December 2023 Pension £000	Year ended 31st December 2022 Pension £000
<b>Executive</b>							
Neil Rylance*	-	-	-	-	76	-	-
Médéric Payne*	219	35	16	270	79	22	7
Ryan Thomas*	100	-	1	101	121	7	8
Conleth Campbell*	38	-	-	38	-	-	-
<b>Non-Executive</b>							
Martin Toogood	56	-	-	56	62	-	-
Tanya Ashton*	16	-	-	16	-	-	-
	429	35	17	481	338	29	15

In addition to the above breakdown social security costs amounted to £47,000 (2022: £35,000) in relation to the Directors.

\* Within the year Médéric Payne received a £8,000 relocation allowance

\* Neil Rylance passed away on the 28th March 2022 and Médéric Payne was appointed on the 25th August 2022

\* Ryan Thomas resigned on the 22th September 2023 and Conleth Campbell was appointed on the 2nd October 2023

\* Tanya Ashton was appointed on the 10th May 2023

On the 15th December 2022, Médéric Payne and Ryan Thomas were awarded nil cost share options, no other Director received such remuneration in the year. The number of options awarded are summarised in the table below:

Option Holder	Number of Ordinary Shares subject to an option
Médéric Payne	500,000
Ryan Thomas	350,000

## Notes to the Financial Statements of the Group

(continued)

### 23. SHARE AWARDS

The Group launched an initial performance-based Long-Term Incentive Plan (LTIP) for all eligible employees in 2019. Awards made under the 2019 LTIP failed to vest as the Group did not achieve the performance-based targets for operating profit.

On the 15th December 2022 the Group re-launched the LTIP plan for all eligible employees. Awards made under the LTIP vest provided the participant remains in the Group's employment during the three-year vesting period to 31st December 2025 and the Group achieves certain performance-based targets.

Movements in LTIP awards outstanding were as follows:

	Year ended 31st December 2023	Year ended 31st December 2022
Outstanding at 1st January	2,790,000	2,045,000
Forfeited	(650,000)	(68,750)
2019 Scheme Lapsed	-	(1,976,250)
2022 Scheme Granted	-	2,790,000
Outstanding at 31st December	2,140,000	2,790,000
Unvested at 31st December	2,140,000	2,790,000

Awards made under the LTIP have a £nil exercise price with the shares being held by the AIREA Employee Benefit Trust until vesting. The term of equity-settled awards is three years unless the performance period is extended as a one-off by the Board of Directors for a further 12 months making the maximum term 4 years. The weighted average remaining life of equity-settled awards at 31st December 2023 is 2.00 years.

At 31st December 2023, the cost recognised in relation to equity settled awards was £150,000 (2022: £nil). At the grant date, the weighted average fair value of the LTIP awards granted during the year was nil (2022: 21.0p). Fair value was measured using the Black-Scholes model discounted for average dividend yield based on the following assumptions:

	2022 issue
Share price on grant date	26.0p
Risk free interest rate	3.5%
Volatility in Company shares	18.99%
Expected life of LTIP awards	3 years

Expected volatility was determined based on the daily share price movement of the Company's share price during the previous 12 month period preceding the grant date.

The shares held under option do not have the right to any dividend payments until they have vested. Compensation expense recognised in the profit or loss in relation to employee share schemes was as follows:

	Year ended 31st December 2023 £000	Year ended 31st December 2022 £000
<b>LTIP</b>		
Equity settled awards	150	(157)
Total expense/(income)	150	(157)

## Notes to the Financial Statements of the Group

(continued)

### 24. FINANCIAL INSTRUMENTS

The Group's financial instruments comprise, principally, cash and short-term deposits, and various items, such as trade receivables and trade payables, arising directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The main risks arising from the Group's financial instruments are currency risk, interest risk, liquidity risk and credit risk. The Board's policies for managing these risks are summarised as follows:

**Interest risk** – the Group finances its daily operations from retained profits. The Group also holds cash and short-term deposits. The cash and short-term deposits attract floating rates of interest based on United Kingdom bank base rates. The Group has one unsecured loan repayable over five years. The loans have covenants that are tested bi-annually and reviewed during the plc Board meetings.

**Currency risk** – the Group seeks to hedge its transactional foreign currency exposures arising from the underlying business activities of operating units, through the use of foreign currency bank accounts. No transactions of a speculative nature are undertaken.

**Liquidity risk** – The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders. The Board aims to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The Directors monitor the demographic spread of shareholders as well as the return on capital and the level of dividends paid to shareholders. There were no changes to the Group's approach to capital management during the year. The Group is not subject to any externally imposed capital requirements.

**Credit risk** – the Group seeks to limit credit risk through the use of credit insurance and procedures to constantly review customer accounts. The amount that best represents the Group's maximum exposure to credit risk is detailed in note 15.

Financial assets, the carrying values of which are a reasonable approximation to their fair value, are all categorised as amortised cost under IFRS9: Financial Instruments and are included in the consolidated balance sheet within the following headings:

	2023 £000	2022 £000
<b>Current assets</b>		
Trade receivables	2,607	2,043
Cash and cash equivalents	5,758	5,762
	8,365	7,805

Financial liabilities included in the consolidated balance sheet are all financial liabilities measured at amortised costs in the terms of IFRS9 and are included in the consolidated balance sheet within the following headings:

	2023 £000	2022 £000
<b>Current liabilities</b>		
Loans and borrowings	739	734
Lease liabilities	183	131
Trade and other payables	2,535	2,220
	3,457	3,085

All trade and other payables are due in less than one year and therefore undiscounted.

	2023 £000	2022 £000
<b>Long-term liabilities</b>		
Loans and borrowings (note 19)	1,119	1,858
Lease liabilities (note 13)	287	202
	1,406	2,060

## Notes to the Financial Statements of the Group

(continued)

### 24. FINANCIAL INSTRUMENTS (continued)

#### Financial assets

The cash and cash equivalents represent, principally, amounts held with UK financial institutions to cover operational requirements and attract interest at floating rates related to UK bank base rates. It also includes smaller amounts held with foreign financial institutions, to cover exposure to currency fluctuations that do not attract interest.

#### Financial liabilities

There are lease liabilities of £470,000 (2022: £333,000).

#### Borrowing facilities

The Group has a £1.0m unutilised uncommitted overdraft facility available.

#### Foreign currency

The table below shows the extent to which Group companies have monetary assets and liabilities in currencies other than their functional currency of sterling. Foreign currency exchange differences on the re-translation of these assets and liabilities are taken to the profit and loss account of the subsidiary concerned and to the consolidated income statement of the Group.

#### Net foreign currency monetary assets/liabilities

	2023 £000	2022 £000
Euro	(770)	(232)
US Dollar	2	-
Polish Zlotys	782	902
	14	670

#### Sensitivity analysis

Financial assets and liabilities are sensitive to movements in interest rates and/or euro exchange rates (being the currency to which the Group has a significant exposure).

A 10% movement in exchange rates would result in a charge or credit to profit of £1,000 (2022: £67,000). A 1% movement in interest rates would result in a charge or credit to profit of £18,000 (2022: £34,000).

### 25. INVESTMENT IN OWN SHARES

The Group accounts for its own shares held by the trustees of the Employee Benefit Trust (EBT) as a deduction from shareholders' funds. The costs of running the EBT are charged to the Company's profit and loss account as they occur and are financed by the Company.

	At 31st December 2023	At 31st December 2022
Number of shares in the Company owned by the EBT	2,777,600	2,777,600
Nominal value of shares held	£694,400	£694,400
Cost price of shares held	£1,999,878	£1,999,878
Prevailing valuation of the shares (pence)	26.50	30.00
Total market value of shares	£736,064	£833,280
Maximum number of shares in the Company owned by the EBT during the year	2,777,600	2,777,600
Minimum number of shares in the Company owned by the EBT during the year	-	-

Dividends payable on these shares are waived.

## Notes to the Financial Statements of the Group

(continued)

### 25. INVESTMENT IN OWN SHARE (continued)

In addition to the above investments, the Company has loaned funds of £2,000,000 and made contributions to the AIREA Employee Benefits Trust, which in turn has purchased shares in the Company. At 31st December 2023 the assets of the Trust comprised 2,777,600 of the Company's own shares with a nominal value of £694,400 and a market value of £736,064, which were acquired at a cost of £1,999,878. The cost of shares has been deducted from equity. The net assets of the Trust are available for the benefit of AIREA plc and Burmatex Limited employees. Neither the loan from the Company nor the equivalent liability of the Trust is included in debtors or creditors. As a consequence of the exercise price of the share options (note 23) a realised loss will arise on the exercise of the options. This loss is recognised over the vesting period as a transfer to retained earnings.

### 26. RELATED PARTY TRANSACTIONS

There were no related party transactions during the year other than the dividends paid to Directors as detailed below.

Name	Position	Transaction	Quantity	2023 Value	2022 Value
Martin Toogood	Director	Dividend	2,100,361	£10,502	£8,401
Médéric Payne	Director	Dividend	78,000	£390	-

### 27. DIVIDENDS

	Year ended 31st December 2023 £000	Year ended 31st December 2022 £000
<b>Paid during the year:</b>		
Final dividend for the prior year of 0.50p per share (2022: 0.40p per share)	193	154
Interim dividend paid during the year of nil per share (2022: nil per share)	-	-
	193	154
<b>Proposed after the year end (not recognised as a liability):</b>		
Final dividend for the year of 0.55p per share (2022: 0.50p per share)	212	193

# Company Balance Sheet

as at 31st December 2023

	Note	2023 £000	2023 £000	2022 £000	2022 £000
<b>Non-current assets</b>					
Investments	3		31,800		31,800
Deferred tax	4		1,065		643
			32,865		32,443
<b>Current assets</b>					
Trade and other receivables	5	137		127	
Cash and cash equivalents	6	3,811		2,569	
			3,948		2,696
<b>Total assets</b>			36,813		35,139
<b>Current liabilities</b>					
Trade and other payables	7	(9,697)		(8,461)	
Loans and borrowings	13	(550)		(550)	
Provisions	8	-		(77)	
			(10,247)		(9,088)
<b>Non-current liabilities</b>					
Loans and borrowings	13		(825)		(1,375)
Pension deficit	9		(3,729)		(1,009)
<b>Total liabilities</b>			(14,801)		(11,472)
<b>Net assets</b>			22,012		23,667
<b>Equity</b>					
Called up share capital	10		10,339		10,339
Share premium account			504		504
Capital redemption reserve			3,617		3,617
Own Shares			(1,636)		(2,000)
Share-based Payment Reserve			150		-
Merger reserve			6,902		6,902
Retained earnings			2,136		4,305
<b>Total equity</b>			22,012		23,667

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit of the Company for the year was £232,000 (2022: Profit £3,527,000).

The financial statements on pages 45 to 57 were approved by the Board of Directors on 25th March 2024 and signed on its behalf by:

MARTIN CONLETH CAMPBELL  
Chief Financial Officer

Company number 00526657

The notes on pages 47 to 57 form part of these financial statements.

## Company Statement of Changes in Equity

for the year ended 31st December 2023

	Share capital £000	Share premium account £000	Own shares £000	Share based payment reserve £000	Capital redemption reserve £000	Merger reserve £000	Profit and loss account £000	Total equity £000
<b>As 1st January 2022</b>	<b>10,339</b>	<b>504</b>	<b>(555)</b>	<b>157</b>	<b>3,617</b>	<b>6,902</b>	<b>185</b>	<b>21,149</b>
<b>Comprehensive income for the period</b>								
Profit for the year	-	-	-	-	-	-	3,527	3,527
Other comprehensive income for the period	-	-	-	-	-	-	(698)	(698)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,829</b>	<b>2,829</b>
<b>Contributions by and distributions to owners</b>								
Dividend paid	-	-	-	-	-	-	(154)	(154)
Share-based payment	-	-	-	(157)	-	-	-	(157)
Own Share Transfer	-	-	(1,445)	-	-	-	1,445	-
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>(1,445)</b>	<b>(157)</b>	<b>-</b>	<b>-</b>	<b>1,291</b>	<b>(311)</b>
<b>At 31st December 2022 and 1st January 2023</b>	<b>10,339</b>	<b>504</b>	<b>(2,000)</b>	<b>-</b>	<b>3,617</b>	<b>6,902</b>	<b>4,305</b>	<b>23,667</b>
<b>Comprehensive income for the year</b>								
Profit for the year	-	-	-	-	-	-	232	232
Other comprehensive expense for the year	-	-	-	-	-	-	(1,844)	(1,844)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,612)</b>	<b>(1,612)</b>
<b>Contributions by and distributions to owners</b>								
Dividend paid	-	-	-	-	-	-	(193)	(193)
Share-based payment	-	-	-	150	-	-	-	150
Own Share Transfer	-	-	364	-	-	-	(364)	-
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>364</b>	<b>150</b>	<b>-</b>	<b>-</b>	<b>(557)</b>	<b>(43)</b>
<b>At 31st December 2023</b>	<b>10,339</b>	<b>504</b>	<b>(1,636)</b>	<b>150</b>	<b>3,617</b>	<b>6,902</b>	<b>2,136</b>	<b>22,012</b>

The merger reserve relates to the premium arising on the issue of Ordinary Shares in connection with the acquisition of Burmatex Limited in the year ended 30th June 1987. This is eliminated on consolidation and therefore only appears in the accounts of the Company.

The notes on pages 47 to 57 form part of these financial statements.



# Notes to the Financial Statements of the Company

## 1. ACCOUNTING POLICIES OF THE COMPANY

### Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements ("FRS 100") and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

### Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- Certain comparative information as otherwise required by UK Adopted International Accounting Standards;
- Certain disclosures regarding the Company's capital;
- A statement of cashflows;
- The effect of future accounting standards not yet adopted;
- The disclosure of the remuneration of key management personnel;
- The disclosure of related party transactions with other wholly owned members of AIREA plc Group of companies;
- Disclosure in respect of financial instruments.

### Principal accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the periods presented, unless otherwise stated.

### Basis of accounting

The financial statements have been prepared under the historical cost convention. The presentation currency used is sterling and amounts have been presented in round thousands ("£000s").

### Investments in subsidiary undertakings

Investments in subsidiaries are stated at cost less provision for impairment.

### Interest received

Interest received is recognised in the year in which it arises.

### Revenue

Dividends receivable from subsidiary undertakings are recognised in profit or loss when the right to the dividend income has been established. Interim dividends are recognised when paid and any final dividends receivable are recognised when declared at a general meeting.

### Current taxation

Current taxation represents corporation tax payable on the taxable profits for the year or prior periods and is calculated using tax rates and laws that have been enacted or substantively enacted by the reporting date.

### Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

# Notes to the Financial Statements of the Company

(continued)

## 1. ACCOUNTING POLICIES OF THE COMPANY (continued)

### Share capital

The Company's Ordinary Shares are classified as equity instruments.

### Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the Directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

Dividends on shares classified as equity are accounted for as a deduction from equity. Dividends on shares classified as a financial liability are reflected in profit or loss.

## 2. KEY AREAS OF ESTIMATION

Pension deficit – £3,729,000 (2022: £1,009,000)

The calculation of the pension deficit is subject to a number of assumptions as detailed in note 9. Any difference between actual events and those assumed at the balance sheet date could result in a change in the pension deficit.

Impairment of investments – £31,800,000 (2022: £31,800,000)

The impairment of investments is assessed annually. The assessment has been carried out based on a pre-tax interest discount rate of 12.0% and a terminal growth rate of 2%. Sensitivity analysis has been carried out on the assessment showing that the pre-tax interest rate could increase to 15% before triggering a potential impairment.

## 3. INVESTMENTS

	2023 £000	2022 £000
Shares in Group companies	31,800	31,800

Investments in Group undertakings are stated at cost less amounts written off. The impairment of investments is assessed based on their value in use, the Board approved budgeted cash flows for the next 5 years have been extrapolated using future expected growth and discounted at 12%. The growth in future revenue is a critical assumption in the valuation model, this assumption is based on the business growth plan. Details of the Company's subsidiaries at 31st December 2023, all of which were wholly owned by the Company or its subsidiary undertakings and all of which operate and are registered in England and Wales at Victoria Mills, The Green, Ossett, WF5 OAN, unless otherwise stated, are set out below:

Burmatex Limited	Design and manufacture of floor coverings
Fope Limited*	Property holding Company
Other subsidiary undertakings:	
AIREA Floor Coverings Limited*	Intermediate holding Company
The Carpet Tile Company Limited	Dormant

\* Held directly

## Notes to the Financial Statements of the Company

(continued)

### 4. DEFERRED TAXATION

	Tax losses £000	Pension deficit £000	Share scheme £000	Total £000
Balance at 1st January 2022	456	–	30	486
Movement during the period	(65)	252	(30)	157
Balance at 31st December 2022	391	252	–	643
Movement during the period	(295)	680	37	422
Balance at 31st December 2023	96	932	37	1,065

### 5. TRADE AND OTHER RECEIVABLES

	2023 £000	2022 £000
Prepayments and accrued income	137	127

### 6. CASH AND CASH EQUIVALENTS

	2023 £000	2022 £000
Cash at bank and in hand	3,811	2,569

### 7. TRADE AND OTHER PAYABLES

	2023 £000	2022 £000
Accruals and other creditors	111	100
Intercompany Payable	9,586	8,361
	9,697	8,461

Amounts owed to Group undertakings are included under current liabilities as there are no specific terms as to their repayment. The amount owed to Group companies was reviewed in the year for impairment and it was agreed that no further impairment was required (2022: £nil).

## Notes to the Financial Statements of the Company

(continued)

### 8. PROVISIONS

	£000
At 1st January 2022	245
Amount utilised	(168)
Provisions charged in the year	-
At 31st December 2022	77
Amount utilised	(77)
Provisions charged in the year	-
At 31st December 2023	-

In the prior year the Group held a provision relating to ongoing legal costs relating to historic employee claims. Any outstanding matters have been resolved during the year.

### 9. PENSION COMMITMENTS

AIREA PLC and Burmatex Ltd sponsor the Sirdar PLC Retirement Benefits Plan (1974), a funded defined benefit pension scheme in the UK. The Plan is administered within a trust which is legally separate from the Companies. Trustees are appointed by both the Companies and the Plan's membership and act in the interest of the Plan and all relevant stakeholders, including the members and the Companies. The Trustees are also responsible for the investment of the Plan's assets.

The Plan provides pensions and lump sums to members on retirement and to their dependants on death. Members who leave service before retirement are entitled to a deferred pension. The Plan closed to accrual of benefits on 28th February 2005. Responsibility for making good any deficit within the Plan lies with the Companies and this introduces a number of risks. The major risks are: interest rate risk; inflation risk; investment risk and longevity risk. The Companies and Trustees are aware of these risks and manage them through appropriate investment and funding strategies. The Trustees manage governance and operational risks through a number of internal control policies, including a risk register.

The Plan is subject to regular actuarial valuations, which are usually carried out every three years. These actuarial valuations are carried out in accordance with the requirements of the Pensions Act 2004 and so include deliberate margins for prudence. This contrasts with these accounting disclosures, which are determined using assumptions set in line with accounting standards.

A formal actuarial valuation is currently being carried out as at 1st July 2023. The preliminary results of that valuation have been projected to 31st December 2023 by a qualified independent actuary. The figures in the following disclosure were measured using the Projected Unit Method.

## Notes to the Financial Statements of the Company

(continued)

### 9. PENSION COMMITMENTS (continued)

The amounts recognised in the statement of financial position are as follows:

	2023 £000	2022 £000
Present value of Plan liabilities	(29,647)	(27,204)
Fair value of Plan assets	25,918	26,195
Funded status	(3,729)	(1,009)
Net amount recognised at year end (before any adjustment for deferred tax)	(3,729)	(1,009)

The amounts recognised in comprehensive income are:

The current and past service costs, settlements and curtailments, together with the net interest expense for the period are included within finance costs in the statement of comprehensive income. Remeasurements of the net defined benefit liability are included in other comprehensive income.

	Year ended 31st December 2023 £000	Year ended 31st December 2022 £000
Service cost:		
Administration expenses	205	146
Net interest expense	55	(73)
Charge recognised in profit or loss within finance costs	260	73
Remeasurements of the net liability:		
Return on Plan assets (excluding amount included in interest expense)	(1,038)	13,369
Loss /(gain) arising from changes in financial assumptions	823	(8,655)
Loss arising from changes in demographic assumptions	575	44
Experience Loss	2,100	-
Reversal of restriction on asset recognition	-	(3,822)
Charge recorded in other comprehensive income	2,460	936
Total defined benefit cost	2,720	1,009

## Notes to the Financial Statements of the Company

(continued)

### 9. PENSION COMMITMENTS (continued)

The principal actuarial assumptions used were:

	Year ended 31st December 2023 £000	Year ended 31st December 2022 £000
Liabilities discount rate	4.55%	4.95%
Inflation assumption – RPI	3.15%	3.30%
Inflation assumption – CPI	2.45%	2.60%
Revaluation of deferred pensions		
– benefits accrued prior to 06/04/1997	2.60%	2.60%
– benefits accrued after 06/04/1997	2.60%	2.60%
Rate of increase to pensions in payment		
– benefits accrued prior to 06/04/1997	2.45%	2.60%
– benefits accrued after 06/04/1997	2.45%	2.60%
Proportion of employees opting for early retirement	nil	nil
Proportion of employees commuting pension for cash	100%	100%
Proportion of non-pensioners taking PIE at retirement	50%	50%
Mortality assumption – pre-retirement	As post-retirement	As post-retirement
Mortality assumption – male post-retirement	107% SAPS S3PMA CMI 2022 M 1.55%	109% SAPS S3PMA CMI 2021 M 1.00%
	IA – 0.1% W2023 = 35%	IA – 0.25% W2020 = 7.5%, w2021=7.5%
Mortality assumption – female post-retirement	109% SAPS S3PFA CMI 2022 F 1.25%	112% SAPS S3PFA CMI 2021 F 1.00%
	IA – 0.1% W2023 = 35%	IA – 0.25% W2020 = 7.5%, w2021=7.5%
Expected age at death of current pensioner at age 65:		
Male aged 65 at year end:	86.1	86.0
Female pensioner at age 65:	88.3	88.3
Future expected lifetime of future pensioner at age 65:		
Male aged 45 at year end:	87.7	87.0
Female aged 45 at year end:	89.7	89.5

## Notes to the Financial Statements of the Company

(continued)

### 9. PENSION COMMITMENTS (continued)

#### Changes in the present value of assets over the year:

	Year ended 31st December 2023 £000	Year ended 31st December 2022 £000
Fair value of assets at start of period	26,195	41,298
Interest income	1,234	781
Return on assets (excluding amount included in net interest expense)	1,038	(13,369)
Contributions from the employer	-	-
Benefits paid	(2,344)	(2,369)
Administration expenses	(205)	(146)
Fair value of assets at end of period	25,918	26,195
Actual return on assets over the period	2,272	(12,588)

#### Changes in the present value of liabilities over the year:

	Year ended 31st December 2023 £000	Year ended 31st December 2022 £000
Liabilities at start of period	27,204	37,476
Interest cost	1,289	708
Remeasurement (gain)/losses:		
– Actuarial gains and losses arising from changes in financial assumptions	823	(8,655)
– Actuarial gains and losses arising from changes in demographic assumptions	575	44
– Experience Loss	2,100	
Benefits paid	(2,344)	(2,369)
Liabilities at end of period	29,647	27,204

#### The split of the Plan's liabilities by category of membership is as follows:

	Year ended 31st December 2023 £000	Year ended 31st December 2022 £000
Active members	-	-
Deferred pensioners	6,098	7,157
Pensions in payment	23,549	20,047
	29,647	27,204
Average duration of the Plan's liabilities at the end of the period (years)	9	9
This can be subdivided as follows:		
Active members	-	-
Deferred pensioners	13	13
Pensions in payment	9	8

## Notes to the Financial Statements of the Company

(continued)

### 9. PENSION COMMITMENTS (continued)

The major categories of scheme assets are as follows:

	Year ended 31st December 2023 £000	Year ended 31st December 2022 £000
<b>Return seeking</b>		
Synthetic Equity	3,293	2,013
Partners Fund	5,020	6,344
Multi Sector Credit	4,519	4,682
Diversified Growth Fund	4,771	4,835
Return seeking subtotal	17,603	17,874
<b>Debt instruments</b>		
LDI funds	5,492	5,353
<b>Other</b>		
Property	2,075	2,215
Cash	748	757
Total market value of assets	25,918	26,199

The equity all have quoted prices in active markets. Derivatives can be classed as level 2 instruments and property as level 3 in the IFRS 13 fair value hierarchy.

The scheme has no investments in the Company or in property occupied by the Company.

Contributions by the Company are expected to resume during year ending 31st December 2024. The level is currently being agreed between the Company and the Trustee's.

Sensitivity of the liability value to changes in the principal assumptions

If the discount rate was 0.1 percent higher (lower), the Plan liabilities would decrease by £264,000 (increase by £267,000) if all the other assumptions remained unchanged.

If the inflation assumption was 0.1 percent higher (lower), the Plan liabilities would increase by £112,500 (decrease by £109,500). In this calculation all assumptions related to the inflation assumption have been appropriately adjusted, that is the salary, deferred pension and pension in payment increases. The other assumptions remain unchanged.

If life expectancies were to increase (decrease) by 1 year, the Plan liabilities would increase by £1,556,250 (decreased by 1,583,250) if all the other assumptions remained unchanged.



## Notes to the Financial Statements of the Company

(continued)

### 10. CALLED UP SHARE CAPITAL

Changes in the present value of assets over the year:

	2023 Number	2023 £000	2022 Number	2022 £000
Ordinary shares of 25p each				
Authorised	72,000,000	18,000	72,000,000	18,000
Allotted, called up and fully paid	41,354,353	10,339	41,354,353	10,339

### 11. SHARE AWARDS

The Group launched an initial performance-based Long-Term Incentive Plan (LTIP) for all eligible employees in 2019. Awards made under the 2019 LTIP failed to vest as the Group did not achieve the performance-based targets for operating profit.

On the 15th December 2022 the Group re-launched the LTIP plan for all eligible employees. Awards made under the LTIP vest provided the participant remains in the Group's employment during the three-year vesting period to 31st December 2025 and the Group achieves certain performance-based targets.

Movements in LTIP awards outstanding were as follows:

	Year ended 31st December 2023	Year ended 31st December 2022
Outstanding at 1st January	2,790,000	2,045,000
Forfeited	(650,000)	(68,750)
2019 Scheme Lapsed	-	(1,976,250)
2022 Scheme Granted	-	2,790,000
Outstanding at 31st December	2,140,000	2,790,000
Unvested at 31st December	2,140,000	2,790,000

Awards made under the LTIP have a £nil exercise price with the shares being held by the AIREA Employee Benefit Trust until vesting. The term of equity settled awards granted is three years unless the performance period is extended as a one-off by the Board of Directors for a further 12 months making the maximum term 4 years. The weighted average remaining life of equity settled awards at 31st December 2023 is 2 years.

At 31st December 2023, the cost recognised in relation to equity settled awards was £150,000 (2022: £nil). At the grant date, the weighted average fair value of the LTIP awards granted during the year was nil (2022: 21.0p). Fair value was measured using the Black-Scholes model discounted for average dividend yield based on the following assumptions:

	2022 issue
Share price on grant date	26.0p
Risk free interest rate	3.50%
Volatility in Company shares	18.99%
Expected life of LTIP awards	3 years

Expected volatility was determined based on the daily share price movement of the Company's share price during the previous 12 month period preceding the grant date.

The shares held under option do not have the right to any dividend payments until they have vested.

## Notes to the Financial Statements of the Company

(continued)

### 11. SHARE AWARDS (continued)

Compensation expense recognised in the profit or loss in relation to employee share schemes was as follows:

	Year ended 31st December 2023 £000	Year ended 31st December 2022 £000
LTIP		
Equity settled awards	150	(157)
Total expense/(income)	150	(157)

### 12. INVESTMENT IN OWN SHARES

The Company accounts for its own shares held by the trustees of the Employee Benefit Trust (EBT) as a deduction from shareholders' funds. The costs of running the EBT are charged to the Company's profit and loss account as they occur and are financed by the Company.

	Year ended 31st December 2023	Year ended 31st December 2022
Number of shares in the Company owned by the EBT	2,777,600	2,777,600
Nominal value of shares held	£694,400	£694,400
Cost price of shares held	£1,999,878	£1,999,878
Prevailing valuation of the shares (pence)	26.50	30.00
Total market value of shares	£736,064	£833,280
Maximum number of shares in the Company owned by the EBT during the year	2,777,600	2,777,600
Minimum number of shares in the Company owned by the EBT during the year	-	-

Dividends payable on these shares are waived.

In addition to the above investments, the Company has loaned funds of £2,000,000 and made contributions to the AIREA Employee Benefits Trust, which in turn has purchased shares in the Company. At 31st December 2023 the assets of the Trust comprised 2,777,600 of the Company's own shares with a nominal value of £694,400 and a market value of £736,064, which were acquired at a cost of £1,999,878.

The cost of shares has been deducted from equity. The net assets of the Trust are available for the benefit of AIREA plc and Burmatex Limited employees. Neither the loan from the Company nor the equivalent liability of the Trust is included in debtors or creditors. As a consequence of the exercise price of the share options (note 11) a realised loss will arise on the exercise of the options. This loss is recognised over the vesting period as a transfer to retained earnings.

## Notes to the Financial Statements of the Company

(continued)

### 13. BORROWING

The cash flows relating to borrowing are as follows:

	£000
As at 31st December 2022	1,925
Payments	(693)
Interest charge	143
As at 31st December 2023	1,375

Below are the future economic outflows related to Company borrowing:

	2023 £000	2022 £000
Within one year	654	683
In the second to fifth years inclusive	885	1,517
After five years		
Net cash outflow	1,539	2,200

Within the above outstanding commitments £164,000 relates to interest that will be payable under the agreement at the balance sheet date the Group recognise the following liabilities.

	2023 £000	2022 £000
Current liabilities – due within one year	550	550
Non-current liabilities – not due within one year	825	1,375
	1,375	1,925

### 14. DIVIDENDS

	Year ended 31st December 2023 £000	Year ended 31st December 2022 £000
Paid during the year:		
Final dividend for the prior year of 0.50p per share (2022: 0.40p per share)	193	154
Interim dividend paid during the year of nil per share (2022: nil per share)	–	–
	193	154
Proposed after the year end (not recognised as a liability):		
Final dividend for the year of 0.55p per share (2022: 0.50p per share)	212	193

# Notice of Annual General Meeting

Notice is hereby given that the Seventieth annual general meeting (“Annual General Meeting”) of Airea plc will be held at Victoria Mills, The Green, Ossett, WF5 OAN on 8th May 2024, at 2.00pm to consider and vote on the resolutions below.

The Annual General Meeting gives the Board the opportunity to present the Company’s performance and strategy to shareholders and to listen and respond to your questions. Your participation is important to us and you are encouraged to vote ahead of the Annual General Meeting either by (i) requesting a hard copy proxy form from Link (using the details shown below) and completed and returning such hard copy of your proxy form, or (ii) appointing a proxy electronically or (iii) casting your vote online (by visiting [www.signalshares.com](http://www.signalshares.com)). To be valid, your proxy appointment and instructions should reach Link Group no later than 2.00pm on 3rd May 2024. The completion and return of a hard copy proxy form will not preclude you from attending and voting at the Annual General Meeting should you wish to do so.

Resolutions 1 to 6 will be proposed as ordinary resolutions and resolution 7 will be proposed as a special resolution.

## Ordinary Resolutions

1. To receive the Company’s financial statements for the year ended 31st December 2023 together with the reports of the Directors and auditors thereon.
2. To declare a final dividend for the year ended 31st December 2023, of an amount of 0.55p per ordinary share, to be paid on 20th May 2024 to those shareholders on the register at the close of business on 19th April 2024.
3. To elect Ms. T. Ashton, who was appointed to the Board on 10th May 2023.
4. To elect Mr. M.C. Campbell, who was appointed to the Board on 2nd October 2023.
5. To re-appoint Crowe U.K. LLP as auditor of the Company to hold office until the conclusion of the next annual general meeting of the Company.
6. To authorise the Directors to determine the auditor’s remuneration.

## Special Resolution

7. To authorise the Company generally and unconditionally, pursuant to section 701 of the Companies Act 2006 (the “Act”), to make one or more market purchases (within the meaning of 693(4) of the Act) on the London Stock Exchange plc (the “London Stock Exchange”) of Ordinary Shares of 25p each in the capital of the Company (“Ordinary Shares”) provided that:
  - (i) the maximum aggregate number of Ordinary Shares authorised to be purchased is 4,100,000 (representing approximately 10% of the Company’s issued share capital as at 25 March 2024);
  - (ii) the minimum price (exclusive of expenses) which may be paid for such Ordinary Shares is 25p per share;
  - (iii) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share is not more than the higher of: (i) 5% above the average of the middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased; and (ii) the price stipulated by Article 3(2) of Delegated Regulation (EU) 2016/1052 of 8th March 2016 relating to the conditions applicable to buy-back programmes and stabilisation measures (as applicable and as amended by the Market Abuse (Amendment) (EU Exit) Regulations 2019/310);
  - (iv) unless previously revoked or varied, the authority hereby conferred shall expire fifteen months after the passing of this resolution or, if earlier, at the conclusion of the next annual general meeting of the Company after the passing of this resolution; and
  - (v) the Company may make a contract or contracts to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.

## By order of the Board

MARTIN CONLETH CAMPBELL  
Company Secretary

## Registered Office:

Victoria Mills, The Green,  
Ossett, WF5 OAN  
25th March 2024

Company Registration Number: 526657

## Explanatory Notes to the Notice of Annual General Meeting

### Resolution 1 – Receipt of the Company's financial statements.

The Directors are required by law to lay before the Company's shareholders in a general meeting, the Company's audited annual accounts, together with the Directors' reports and the auditor's report for the relevant financial year. Accordingly, the Company proposes a resolution on its audited accounts and reports for the financial year ended 31st December 2023.

### Resolution 2 – Declaration of a final dividend.

Shareholders are being asked to approve a final dividend of 0.55p per ordinary share for the financial year ended 31st December 2023. Subject to the resolution being approved by shareholders at the Annual General Meeting, the final dividend will be paid on 20th May 2024 to all shareholders appearing on the Company's register of members at the close of business on 19th April 2024.

### Resolutions 3 and 4 – Re-election of Directors.

The Company's articles of association require any Director who has been appointed since the previous annual general meeting of the Company to retire at the first annual general meeting following their appointment. Ms. T. Ashton was appointed as a Director on 10 May 2023 and Mr. M.C. Campbell was appointed as a Director on 2 October 2023. Accordingly both Ms. T. Ashton and Mr. M.C. Campbell will retire in accordance with the Company's articles of association and will each offer themselves for election.

Biographies of Ms. T. Ashton and Mr. M.C. Campbell are set out on pages 8 and 9 of the annual report and accounts for the year ended 31st December 2023.

### Resolutions 5 and 6 – Re-appointment and remuneration of auditor.

At each general meeting at which accounts are laid before the Company's shareholders, the Company is required to appoint an auditor to serve until conclusion of the next annual general meeting. Crowe U.K. LLP has indicated its willingness to continue in office and accordingly shareholders will be asked in resolution 5 to confirm the re-appointment Crowe U.K. LLP to hold office until the conclusion of the next general meeting of the Company.

Although neither the Company's articles of association nor the QCA Corporate Governance Code (the corporate governance code to which the Company adhered) requires it, shareholders will separately be asked by Resolution 6 to grant authority to the Directors to determine the auditor's remuneration, as has increasingly become market practice and the standard of good corporate governance adopted by companies of equivalent standing to the Company. This is also in accordance with recommendations made by the PLSA Stewardship & Voting Guidelines 2023 (published on 30th March 2023).

### Resolution 7 – General authority for the Company to purchase its own Ordinary Shares

Shareholders will be asked to provide the general authority for the Company to make market purchases on the London Stock Exchange of its Ordinary Shares, subject to certain limitations set out below.

Your Board has no immediate plans for the Company to make purchases of its Ordinary Shares if the proposed new general authority becomes effective but would like to be able to act quickly if circumstances arise in which they consider such purchases by the Company of its Ordinary Shares to be desirable. Accordingly, it is proposed that the Board be given a new general authority to purchase the Company's Ordinary Shares on the terms contained in resolution 7 in the Notice of Annual General Meeting.

The proposed new general authority will be limited, by the terms of resolution 7 in the Notice of Annual General Meeting, to purchases of up to 4,100,000 Ordinary Shares, representing approximately 10% of the current issued share capital of the Company. The minimum price per Ordinary Share payable by the Company (exclusive of expenses) will be 25p. The maximum to be paid on the exercise of such new general authority (exclusive of expenses) will be an amount not exceeding the higher of (i) 5% above the average of the middle-market quotation for Ordinary Shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date of each purchase, and (ii) the price stipulated by Article 3(2) of the Commission Delegated Regulation (EU) 2016/1052 of 8th March 2016 relating to the conditions applicable to buy-back programmes and stabilisation measures (as applicable and as amended by the Market Abuse (Amendment) (EU Exit) Regulations 2019/310) (being the higher of the price of the last independent trade and the highest current independent purchase bid on the trading venue where the purchase is carried out).

The Board will only exercise the new general authority to purchase Ordinary Shares if it considers that such purchases of Ordinary Shares can be expected to result in an increase in earnings per share after such purchases and are in the best interests of shareholders generally. Your Directors would also carefully consider the extent of the Company's borrowings and its general financial position. Any such purchase of Ordinary Shares will be financed out of profits available for distribution. The actual cash required to fund any buy-backs of Ordinary Shares pursuant to the new general authority will be met from existing cash resources and/or borrowing facilities. Shareholders should note that any shares purchased by the Company will be cancelled and not made available for reissue. The number of Ordinary Shares in issue will accordingly be reduced.

## Explanatory Notes to the Notice of Annual General Meeting (continued)

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The maximum number of Ordinary Shares and the permitted price range are stated for the purpose of compliance with statutory and London Stock Exchange requirements in seeking the authority. This should not be taken as any representation of the number of Ordinary Shares (if any) which the Company might purchase, nor the terms upon which the Company would intend to make any such purchases, nor does it imply any opinion on the part of the Directors as to the market or other value of the Company's Ordinary Shares. In seeking this general authority, the Board is not indicating any commitment to buy back Ordinary Shares. Shareholders should not, therefore, assume that any purchases will take place.

In addition, the requirements of the London Stock Exchange prevent the Company from purchasing its own shares during the period of two months before the announcement of its half-year or full-year results (or, if shorter, the period from the end of the Company's relevant financial period up to and including the time of the relevant announcement), or at any other time when the Directors are in a possession of unpublished price sensitive information in relation to the Company's shares.

The general authority set out in resolution 7 in the Notice of Annual General Meeting will expire fifteen months after the resolution is passed or, if earlier, on the date of the next annual general meeting of the Company. However, in order to maintain your Board's flexibility of action, it is envisaged that this general authority may be renewed annually at annual general meetings of the Company.

Details of Ordinary Shares purchased pursuant to the new general authority will be notified to the London Stock Exchange by 7.30 a.m. on the business day following the date of dealing and to the registrar of companies within 28 days of the date of purchase. Details will also be included in the Company's report and financial statements in respect of the financial year in which any such purchases take place.

### **Recommendation**

Your Directors consider that the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors unanimously recommend shareholders vote in favour of the resolutions set out in the Notice of Annual General Meeting, as the Directors propose to do so in respect of their own shareholdings.

The Company pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 specifies that only those shareholders registered in the register of members of the Company as at close of business on 3rd May 2024 or, in the event that the Annual General Meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, shall be entitled to attend or vote in respect of the number of Ordinary Shares registered in their name at the relevant time. Changes to entries in the register of members after close of business on 3rd May 2024 or, in the event that the Annual General Meeting is adjourned, less than 48 hours before the time of any adjourned meeting shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.

A member of the Company entitled to attend and vote at the Annual General Meeting is entitled (unless they have pursuant to article 96 of the Company's articles of association, nominated someone else to enjoy such a right, in which case only the person so nominated may exercise the right) to appoint one or more proxies to exercise all or any of the rights to attend and speak and, to vote on their behalf at the Annual General Meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a member of the Company.

In order to reduce the Company's environmental impact, our intention is to remove paper from the voting process as far as possible. You are therefore asked to vote and submit your proxy in one of the following ways:

- Register your vote online through our registrar's portal – [www.signalshares.com](http://www.signalshares.com). You will need your investor code which is printed on your share certificate or may be obtained by calling the Company's registrar, Link Group, on +44 (0) 371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09.00 – 17.30, Monday to Friday excluding public holidays in England and Wales.
- CREST members may use the CREST electronic proxy appointment service as detailed below.

You may request a hard copy form from Link using the numbers shown above and return it to Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL.

All proxy appointments, whether electronic or hard copy, must be received by the Company's registrar no later than 2.00pm on 3rd May 2024 (or, in the event that the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting).

The appointment of a proxy will not preclude a member from attending and voting in person at the meeting if he or she wishes. If a shareholder has appointed a proxy and attends the Annual General Meeting in person, his/her proxy appointment will be automatically terminated.

You will need to state clearly the number of shares in relation to which the proxy is appointed. A failure to specify the number of shares each proxy appointment relates to, or specifying a number of shares in excess of those held by the member, will result in the proxy appointment being invalid.

## Explanatory Notes to the Notice of Annual General Meeting (continued)

To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy card and would like to change the instructions using another hard-copy proxy card, please contact Link Group on +44 (0) 371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09.00 – 17.30, Monday to Friday excluding public holidays in England and Wales.

In order to revoke a proxy instruction, you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's Registrars, Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL.

The revocation notice must be received by Link Group no later than 2.00pm on 3rd May 2024. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

### CREST proxy voting

CREST users should note that they can lodge their proxy votes for the Annual General Meeting through the CREST Proxy Voting System. For further instructions, users should refer to the CREST User Manual. Any CREST Sponsored Member should contact their CREST Sponsor. The receiving agent ID for Link Asset Services is RA10.

The register of Directors' share interests and copies of the service contracts of the Executive Directors of the Company and letters of appointment of the Non-Executive Directors of the Company will be available for inspection at the registered office of the Company during usual business hours on any weekday (except weekends and public holidays) until the date of the Annual General Meeting and will be available at that meeting for a period of at least 15 minutes prior to and during that meeting.

Members who have general queries about the Annual General Meeting should telephone the Company's registrars, Link Group +44 (0) 371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09.00 – 17.30, Monday to Friday excluding public holidays in England and Wales.

Members are invited to submit questions on any business to be dealt with at the Annual General Meeting in advance of the meeting via email at [shareholders@aireapl.com](mailto:shareholders@aireapl.com) by no later than 2.00pm on 3rd May 2024. When submitting questions by email, please include your investor code, which can be found on your share certificate or may be obtained by calling the Company's registrar, Link Group, on +44 (0) 371 664 0300. The Board will endeavour to answer any questions so submitted at the Annual General Meeting.

A member attending the Annual General Meeting has the right to ask questions in relation to the business of the meeting. The Company must answer any such questions unless:

- Answering the question would interfere unduly with the preparation of the meeting or involve the disclosure of confidential information;
- The answer has already been given on a website in the form of an answer to a question; or
- It is undesirable in the interests of the Company or the order of the meeting that the question be answered.

As at 22nd March 2024 (the last practicable business day prior to this notice), the Company's issued share capital comprised 41,354,353 ordinary shares of 25 pence each ("Ordinary Share"). Each Ordinary Share carries the right to vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at the date of this document is 41,354,353.

# AIREA plc

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